

George Michael has been... his court battle to be... with Sony Corp. Michael... the decision of the... court as upholding... "Wham!" star, whose... said he will appeal... We have great respect... Michael and his army... look forward to continuing... relationship with him," he... lawyers had argued that... contract was restrictive and... that it could run for... more years. Michael could... legal fees of \$4.5 million.

Sylvester Stallone and... are getting together... same side of a neighborhood... The pair wants to build... house at the entrance to... street in a trendy Miami... neighborhood. Stallone has... to pay for the construction... nearby residents are... at the idea.

win E. Bloom, a former... advisor to the late Dan... he says the tobacco... have been murdered, and... asked a Manhattan court to... the objections to her... will. Bloom was removed... and co-trustee of... in 1992 for unknown... Duke died last Oct. 3... Bloom said her body... decorated with... A lawyer for the... estate said in court... that Bloom's allegations... "preposterous."

INTERNATIONAL CLASSIFIED

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Herald INTERNATIONAL Tribune

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Weary Diplomats Fear All-Out Balkans War

By David B. Ottaway
Washington Post Service

ZAGREB, Croatia — War clouds are gathering once again over the Balkans, and outside diplomatic efforts to dispel them are just about exhausted.

The mood among Western diplomats, would-be peacemakers and United Nations mediators here is one of deep pessimism, and a collective sigh of total frustration is clearly audible these days at news conferences and in conversations.

The general feeling is that all parties in the overlapping Bosnian and Croatian conflicts have no real interest in peace right now and have set their minds on preparing for war, probably this autumn.

"I consider war a very real danger," remarked a senior Western diplomat here. "If there is another war, it's going to be unlike what we've seen so far. It will be war with tanks on all sides, air battles and missile attacks on capitals."

"I don't see how Serbia will be able to stay out," he added.

The latest UN-negotiated cease-fire between Muslims and Serbs in Bosnia, which began June 10, is breaking down. United Nations in Sarajevo confirm "major violations" of the truce, mainly by the Muslim-led Bosnian Army pushing to take a strategic road near Tuzla, in the center of Bosnia.

In Sarajevo, the Bosnian Muslims are digging additional defensive trenches all around the city and sending men out of the city to fight in central Bosnia, according to UN sources.

Though under an embargo, both Croatia and Serbia are busy buying arms abroad.

Diplomats here say the Croats continue to obtain MiG jet fighters and helicopters on the black market from Eastern European countries. Those in Belgrade report that an engine for a MiG-29 jet fighter was recently discovered by UN monitors hidden away under a pile of

bulk detergent in a truck coming across the border from Bulgaria.

"The feeling is everybody is preparing for war," said a UN official who just returned from Sarajevo.

The cease-fire negotiated between Croatia and its breakaway minority Serbs that went into effect March 29 has so far held. But a senior UN military official here predicted it was bound to become "more and more fragile" with each passing day after the breakdown last week of the negotiations process.

The combined efforts of American, Russian, West European and UN mediators to get talks under way between the Croatian government and rebel Croatian Serbs reached a dead end last Thursday when the Serbs refused to allow five Croatian reporters to cover the event.

"We have done our utmost," a UN mediator, Kai Eide, said here recently after spending seven fruitless

See BALKANS, Page 4

U.S. 'Concern' Fails To Halt Dollar's Fall

Markets Take the Dare as Bentsen Hints at G-7 Action to Stop the Slide

By Lawrence Malkin
International Herald Tribune

NEW YORK — Amid cries from financial markets for the Clinton administration to stand behind the dollar, Treasury Secretary Lloyd Bentsen said Wednesday that he was ready to act with U.S. trading partners to protect the currency.

But after his remarks, many on Wall Street said he had offered no concrete measures of support and the dollar fell from the day's highs against the yen and the Deutsche mark — but not so low as the day before when the U.S. currency dipped below 100 yen, a postwar low. The dollar closed Wednesday at 101 yen, up slightly from Tuesday's close of 100.33.

Others on Wall Street warned, however, that Washington had just begun to fight.

"I am concerned by recent movements in the exchange markets," Mr. Bentsen said in a statement issued at the Treasury in Washington early Wednesday afternoon. "We are carefully monitoring developments. We continue to be in close communication with our G-7 partners, and we continue to be prepared to act as appropriate."

He added that what was ultimately important was the strength of the U.S. economy. He said he was very confident that it was in the midst of an investment-led recovery, followed by recovery abroad. He concluded: "We share with the Fed and with our Group of Seven partners the common goal of sustaining recovery with low inflation."

Disappointed that he did not say more, traders cautiously shaved the value of the dollar against the yen and the mark. They were waiting for the Fed to act in concert with other central banks and buy dollars.

David Blitzer, chief economist of Standard & Poor's, said the worst was not over and predicted that the decline of the dollar would continue and turmoil in the currency markets would accompany it.

Don't worry, warned John Lipsky, chief economist of Salomon Brothers, there will be intervention, and soon — and it will

come when the Group of Seven feels the market is most overextended, not when the market wants it.

Mr. Lipsky explained: "This is not the kind of statement where you say, 'The bombing will start in five minutes. What you say is, 'Just move, and make my day.' You don't make a statement like that without something behind it, unless you're planning to retire soon as the secretary of the Treasury."

The storm in the world's currency markets abated Wednesday as Washington organized its defenses behind the dollar to demonstrate that the country was determined to remain in charge of its own finances. The problem was seen by Wall Street as political and psychological, which if not resolved would threaten the real economy with higher interest rates.

With Wall Street recalling the benign neglect policies of the Carter administration that sent the dollar to new lows and interest rates to economically punishing highs in 1978, President Bill Clinton said Mr. Bentsen would talk later about the dollar.

In anticipation, the dollar rose by almost a full yen to around 101 by midday in New York and also strengthened against the mark. The Dow-Jones industrial average recovered 10 points at opening from Tuesday's decline and then was up 21 by noon. Prices of Treasury bonds improved slightly, shaving a few hundredths of a percentage point off their interest rate yields.

Stocks and bonds mainly held their gains after Mr. Bentsen's statement. The dollar also remained strong against the Deutsche mark, rising to 1.6054 DM from 1.5942 on Tuesday.

Coincidentally, the Federal Reserve Board chairman, Alan Greenspan, had been summoned to testify before the House Budget Committee Wednesday morning on the state of the economy.

See DOLLAR, Page 4

Russia Signs On With NATO in Peace Alliance

By Daniel Williams
Washington Post Service

BRUSSELS — After months of delay that reflected deep-seated differences in outlook, Russia entered a formal partnership with its old NATO adversary on Wednesday, a step each side hopes will change the behavior of the other.

Visiting NATO headquarters for the first time, Foreign Minister Andrei V. Kozyrev signed documents that committed Russia to the Partnership for Peace, an arrangement of military cooperation that could lead to membership in the alliance.

Twenty other former Soviet bloc countries have joined the partnership, but Russia and NATO appeared to see Moscow's entry as a key to Europe's future.

"There are no insurmountable obstacles in the way of shaping a workable relationship between Russia and its Western partners," Mr. Kozyrev said at the signing ceremony.

"This is a defining moment in shaping the security of our continent," added Terzio Balazs, deputy secretary-general of NATO.

Before the signing, Secretary of State Warren M. Christopher tried to ease fears that Russia might obstruct the expansion of NATO to include states once occupied by the Soviet Union.

Russia's cooperation "will serve the interests of all nations in Europe — particularly those that recently won their freedom from Communist rule," he said.

NATO issued a separate statement, painstakingly negotiated with Russia, that sweetens Russia's participation with a unique channel of consultation. The statement falls short of fulfilling Russia's desire for a voice in NATO decisions, but goes beyond anything given to any other participant.

The statement was unsigned to show that the document in no way binds NATO decisionmaking to Russia, U.S. officials said.

Russia will now have a Brussels office in modular quarters built atop a NATO parking lot. Its military men, once the objects of suspicion and fear, will prepare joint projects with NATO officers in a building at Mons once reserved for planning the defense of Berlin.

Weed that Vitali I. Churkin, deputy foreign minister, will be named liaison to the alliance attests to the weight Russia lends to its links with NATO, U.S. officials said.

Caution pervaded background comments from Americans on the day's events. "This is just the beginning," said a senior American. "We will see how Russia operates. Will they try to throw their weight around? Try to

See NATO, Page 4



Foreign Minister Andrei V. Kozyrev preparing Wednesday to sign the NATO cooperation agreement.

Clinton Says North Korea Yields in Nuclear Dispute

Compiled by Our Staff From Dispatches

WASHINGTON — President Bill Clinton announced Wednesday that North Korea had formally agreed to freeze its nuclear program, opening the way for new diplomatic talks with the United States to resolve a dangerous standoff.

Mr. Clinton said at a news conference that, on the basis of word received from the North Koreans, U.S. and North Korean diplomats would meet in Geneva early next month to discuss a "full range of issues" affecting security on the Korean peninsula.

He said North Korea had agreed not to reload its nuclear reactor now in a state of refueling, nor would it reprocess the

spent fuel. At the same time, he said, United Nations monitors now in place at the North Korean nuclear site would be able to remain.

In return, he said the United States had agreed to suspend its effort in the United Nations to organize sanctions as punishment for North Korea's refusal to allow full scrutiny of the nuclear site to verify that no atomic arms were being made.

Mr. Clinton said the United States had made no concessions, beyond agreeing to halt the sanctions effort.

The new step stemmed from a trip former President Jimmy Carter made last

See KOREA, Page 5

UN Endorses French Troop Intervention in Rwanda

By Julia Preston
Washington Post Service

UNITED NATIONS — The Security Council, eager to break international paralysis over the tribal bloodshed in Rwanda, voted Wednesday to authorize France to send 2,000 troops to stop the killings, despite misgivings about France's neutrality and opposition from Rwanda's rebels.

Although France had the support of the United States and Europe, five countries on the 15-nation Council abstained, giving an unusually weak UN endorsement for an operation in which soldiers have orders to engage in full-scale combat if necessary.

The first 1,500 French troops will be deployed to Rwanda's western border with Zaire as of Thursday. Defense Minister Francois Leotard told French television, with 500 troops from Senegal also taking part.

But rebels from the Rwanda Patriotic Force, which is drawn largely from the Tutsi minority, immediately announced they would "resist the French intervention by all means at our disposal" and demand-

ed the United Nations withdraw its 500 peacekeepers now in Rwanda.

Even countries who supported the French action acknowledged that France was not the best choice to lead a rescue mission to save thousands of civilians, most of them Tutsis, who remain in danger of slaughter in areas controlled by the Hutu-dominated government forces.

"We must be flexible enough to accept imperfect solutions," said Madeleine K. Albright, the U.S. chief delegate, even while voicing Washington's "strong support" for Paris's initiative.

France was a longtime supporter of the former Hutu president, Juvenal Habyarimana, whose death in a plane crash April 6 sparked the crisis and who organized the militias that have carried out a systematic murder campaign that has left more than 250,000 Tutsis dead.

However, even though the killings continued unabated for 10 weeks, no other countries, including the United States and the major African nations, have been will-

See RWANDA, Page 4



Government militiamen sitting in a hidden truck Wednesday in Kigali.

WORLD CUP GRANDSTAND

Swiss 4, Romania 1
Switzerland sped away from Romania in the second half of their Group A match in Detroit. The Swiss midfielder Alain Suter opened the scoring, but Romania's Gheorghe Hagi equalized and the first half ended tied at 1-1.

Nigeria 3, Bulgaria 0
As Nigeria's coach, Clemens Westerhof said, it was "show time" as the Eagles, with their exciting, lightning-fast attack, left Bulgarian their

wake with a the victory in Dallas. "We want to show people we play football in Africa," Westerhof said.

Post Columnist Bitten
Tony Kornheiser, the iconoclastic columnist of The Washington Post and mainstream sports junkie, has found several reasons to love soccer. Weird reasons, but reasons nevertheless.

Thursday matches: Italy vs. Norway, at East Rutherford, New Jersey, 2005 EDT; South Korea vs. Bolivia, at Foxboro, Massachusetts, 2335 GMT.
World Cup report: Pages 22 and 23

Klosk

Denmark Takes the Lead in EU Contest
Prime Minister Poul Schluter's government won the Danish election Wednesday, becoming the first to win the European election as head of the executive branch.

The incumbent, Prime Minister Rudi Lubbers of the Netherlands, was unable to muster additional support at a meeting in Brussels of the EU's Christian Democratic parties. Mr. Lubbers was expected to withdraw. (Page 4)

General News
A revival of the independent counsel may save the Clintons money. Page 3.
Indonesia's closure of three magazines could signal a major shift. Page 4.

Crossword Page 5.
Books Page 7.
Bridge Page 7.
Weather Page 24.

Newsstand Prices

Germany... \$5.00
France... \$4.50
Italy... \$4.00
Spain... \$3.50
UK... \$3.00
USA... \$2.50
Canada... \$2.00
Australia... \$1.50
New Zealand... \$1.00
South Africa... \$0.50
Japan... \$1.00
India... \$0.50
China... \$0.50
Brazil... \$0.50
Mexico... \$0.50
Argentina... \$0.50
Colombia... \$0.50
Venezuela... \$0.50
Cuba... \$0.50
Haiti... \$0.50
Dominican Republic... \$0.50
Jamaica... \$0.50
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Suriname... \$0.50
Guyana... \$0.50
Paraguay... \$0.50
Uruguay... \$0.50
Chile... \$0.50
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Sint Eustazius... \$0.50
Sint Martin... \$0.50
Sint Kitts and Nevis... \$0.50
Anguilla... \$0.50
British Virgin Islands... \$0.50
Cayman Islands... \$0.50
Fiji... \$0.50
Kiribati... \$0.50
Marshall Islands... \$0.50
Micronesia... \$0.50
Nauru... \$0.50
Palau... \$0.50
Papua New Guinea... \$0.50
Samoa... \$0.50
Tonga... \$0.50
Tuvalu... \$0.50
Vanuatu... \$0.50
Wallis and Futuna... \$0.50
French Polynesia... \$0.50
New Caledonia... \$0.50
Mayotte... \$0.50
Reunion... \$0.50
Saint Pierre and Miquelon... \$0.50
French Southern Territories... \$0.50
British Indian Ocean Territory... \$0.50
Cocos (Keeling) Islands... \$0.50
Christmas Island... \$0.50
Howland Island... \$0.50
Jarvis Island... \$0.50
Kingman Reef... \$0.50
Midway Island... \$0.50
Palmyra Atoll... \$0.50
Pitcairn Island... \$0.50
St. Helena... \$0.50
Tromelin Island... \$0.50
Tristan da Cunha... \$0.50
United Kingdom Overseas Territories... \$0.50
United States Minor Outlying Islands... \$0.50
Virgin Islands... \$0.50

Don Jones
Up 16.80
3,724.77

Trib Index
Down 0.09%
110.39

The Dollar
New York 1.5854 1.5843
London 1.5822 1.5815
Paris 1.0100 1.0035
Yen 5.4853 5.4508

Germans Wonder if Health-Care Model Can Survive an Aging Population

By Rick Atkinson
Washington Post Service

BERLIN — The three men sharing Room 119 at Franz Volhard Hospital have ample reason to be angry at the world. Each suffers from coronary artery disease, each faces open-heart surgery, each has endured days of preoperative poking and prodding.

Yet, the three exude a cheerful optimism, not least because their medical misfortunes are not compounded by worries about money. "I'm grateful and very satisfied," said Hans-Günther Brüggemann, 60, whose sentiment was echoed by his roommates, Heinrich Wienskol, 70, and Harry Goldner, 62.

Like most patients in Germany's health care system, the men in Room 119 are devoid of the anxieties that plague millions of Americans. Despite their age and frail condition, there is no danger that they will lose their insurance coverage. Access to German medical care, among the world's best, is guaranteed until death.

And although each is accumulating immense medical expenses — \$267 a day for

a hospital bed plus \$12,000 or so for surgery — none of them will ever see a bill. Mr. Wienskol's out-of-pocket expenses are typical: \$19 a month to help underwrite the nine prescription medications he is taking.

President Bill Clinton repeatedly has cited a German influence on his own thinking about health care, although the reform proposals wending their way through Congress may end up with more differences than similarities to the system here.

Yet, the German approach is worthy of continued scrutiny if for no other reason than that it has maintained a broad level of high-quality patient care while trying to contain soaring costs. Germany led the way among industrialized nations more than a century ago in adopting a comprehensive national health system; now, the Germans are trying to figure out whether they can still afford such national largesse.

Faced with the rising price of modern medicine and a rapidly aging population, which will increase demands on the health care system, the German government has

imposed controversial price controls and other measures. But that is only the beginning.

"The real reforms have to come now," said Hans-Jürgen Thomas, chairman of the country's leading physicians' association. "The problem that Germany and the rest of the world face, at least in the highly developed world, is demographic. More older people with more illnesses and ever fewer young people working to pay for the system." He added, "There is a gap between what is possible medically and what is affordable."

All workers earning less than \$37,000 a year must belong to a Krankenkasse, a sickness fund, to which they contribute through payroll deductions. The average contribution, evenly divided between employee and employer, is 13.4 percent of gross salary.

The Krankenkassen are not-for-profit insurance institutions organized by profession, industry or region. Large companies often have their own funds, and Germany has more than 1,300 Krankenkassen.

High-wage earners may either join a

fund or buy private health insurance. Pensioners are either insured by the same fund they belonged to while working or by private insurers. Additional provisions are made for civil servants, welfare recipients and the unemployed. Nearly 90 percent of all Germans and their families are covered by the Krankenkassen. About 10 percent are covered by private insurance, which entitles them to somewhat preferential treatment, and less than 1 percent of the population is uninsured.

The funds channel their accumulated cash to regional associations of physicians, with whom they bargain for services on the basis of a negotiated fee schedule. The physicians' associations then act as paymasters in reimbursing their members. The Krankenkassen also negotiate fixed reimbursement rates with local hospitals.

Coverage is more or less uniform, regardless of the Krankenkasse involved. Germans can choose their physician and make unlimited doctor visits without additional payment. They get acute hospital care and drug prescriptions with only a nominal co-payment. The system provides

psychiatric care, broad dental coverage, 14 weeks of paid maternity leave, generous disability pay, periodic visits to therapeutic spas, paid leave to take care of sick children and on and on.

But for all its benefits, the German system has several distinct drawbacks. Doctors are paid on a fee-for-service basis, so there is an incentive to overtreat patients. Because patients rarely see a bill, they have little reason to economize or moderate their use of the system. Germans on average visit their doctor 11 times a year; the typical German worker takes 19 days of sick leave annually, compared with seven days for the average American.

"The patient today hasn't got any idea what it all costs," said Mr. Thomas, the physicians' association chairman. "He just knows that he needs to be treated and has a right to be treated."

Many procedures, such as fetal sonograms, are overused, said Götz Lampe, an obstetrician-gynecologist. Such practices, coupled with the escalating price of modern medical equipment and procedures, have severely strained the German system.

Unlike the United States, Germany managed to keep costs reasonably well in check in the 1980s. Germany spends 8.5 percent of its gross domestic product on health care compared with 13.4 percent in the United States, statistics often cited by Mr. Clinton.

But in the first three years of this decade, costs in Germany climbed an average of 9 percent annually. In a bitterly contested reform that took effect last year, the Bonn government imposed a three-year cap on spending for physician fees, hospital charges and most prescription drugs.

Health Minister Horst Seehofer, architect of the reforms, has proclaimed victory by announcing that "the health insurance system is now healthy again." The Krankenkassen, which accumulated a \$5.7 billion deficit in 1992, last year amassed a \$6 billion surplus, a trend that has continued this year.

But Mr. Seehofer's many critics charge that his efforts to fix the system have simply delayed an inevitable surge in costs. They say the aging population will strain the system to the breaking point.

Latest Bosnia Front Is All-Muslim War

Businessman's Militia Proves 'Even Brothers Can Fight'

By Roger Cohen
New York Times Service

PEČIGRAD, Bosnia-Herzegovina — This Bosnian village set in undulating countryside has become the most active front line in Bosnia over the last week and the heart of a bizarre but intensifying conflict that has set Muslim against Muslim in a fratricidal war.

The 26-month war has seen virtually every permutation of conflict among and between Muslims, Serbs and Croats. But none is stranger or more intractable than a battle raging in the northwestern Bihać area between the Muslim-dominated army of the Bosnian government and the Muslim troops of a wealthy businessman named Fikret Abdic, who has declared autonomy from Sarajevo.

The crackle of automatic weapons fire could be heard almost constantly Tuesday as a commander in Mr. Abdic's militia, Hasim Ahmetasevic, pointed across rolling fields and wooded hills to positions taken by the Bosnian Army in the offensive that started 10 days earlier.

"They are just over there now, about 250 meters away," the officer said, indicating a hill called Krcana just east of Pečigrad. "Our position has become more vulnerable."

As if to prove his point, a sniper's bullet whistled a few feet overhead, and Mr. Ahmetasevic ducked for cover behind a stone wall. Asked how he felt as a Muslim, to be a target of bullets from the Muslim-dominated Bosnian Army, he said: "Even two brothers can fight. This did not happen by my will, but because the government in Sarajevo wants war and more war."

United Nations officials in the capital of Mr. Abdic's so-called autonomous province of western Bosnia, Velika Kladusa, say fighting in the last week is the most intense since Mr. Abdic declared autonomy in the northern half of the Bihać pocket on Sept. 27 and installed himself as president of an almost exclusively Muslim community of about 50,000 people.

Mr. Abdic, head of one of the largest companies in the former Yugoslavia, a food and agricultural products conglomerate called Agrokomerc, has denounced what he calls the destructive Muslim nationalist politics of the Bosnian president, Alija Izetbegovic.

Instead, Mr. Abdic has opted for a free-wheeling network of political and economic alliances with the neighboring Serbs in the occupied Krajina areas of Croatia and with Croats, too, trading in virtually everything.

Syria Ends South Africa Ban

Agence France Presse

DAMASCUS — Syria has decided to end its trade embargo on South Africa, newspapers said here Wednesday. The embargo was imposed in 1963.

including food and weapons. His essential message, his aides say, is that if people are making money, they will eventually forget about ethnic differences and war.

For many Bosnian Muslims, however, Mr. Abdic is no more than a traitor and a crook. He was sentenced to a year in prison in 1987 for embezzlement in one of Yugoslavia's largest financial scandals.

What seems clear is that Mr. Izetbegovic's government has decided to use the monthlong Bosnia-wide cease-fire that was agreed to with the Serbs on June 10 in Geneva to try to finish with Mr. Abdic. Although the cease-fire should, in theory, apply to this part of Bosnia, too, it has not taken hold.

"At least 100 people have been killed and several hundred wounded over the last 10 days," said Monique Tuffelli, chief of office of the UN High Commissioner for Refugees in Velika Kladusa. "One has the impression that the Bosnian government forces are closing in."

Serbian forces in Krajina have gone to the aid of Mr. Abdic, shelling the advancing Bosnian Army from positions just north of Velika Kladusa. UN officials say they believe that the Serbs would be quite unlikely to allow the Bosnian Army to defeat Mr. Abdic, as he has become a useful ally, tying up Bosnian Army units that might otherwise be shooting at Serbian forces.

Mr. Abdic's chief adviser, Mehmed Kostic, said that he had 10,000 soldiers in his army and that "we are quite capable of taking back the ground we have lost." He suggested that there was no possibility of compromise.

"Sarajevo wants to impose an Islamic state with Islamic law, though we cannot accept this," he said, using an argument frequently advanced by the Bosnian Serbs. "But we see this autonomous province as a model for the only system that will work in Bosnia-Herzegovina, a series of self-governing cantons trading actively with their neighbors."

Mr. Izetbegovic is known to be infuriated by Mr. Abdic, and he recently asked the Croatian president, Franjo Tudjman, his new ally in the Muslim-Croatian federation in Bosnia, to make sure that any trade between Zagreb and Velika Kladusa ceases.

But Mr. Kostic said: "Nothing serious has changed. We still have our trading corridor with Zagreb, and we still trade with our Serbian neighbors."

An example of the trade was evident in the military headquarters Tuesday. Boxes of Kalashnikov rifle ammunition were covered in the Cyrillic script that the Serbs use. Evidently, the boxes had been provided by the Serbs to their Muslim friends.



Twins pressing against the window of a bus carrying them from Sarajevo to refuge in Split, Croatia, on Wednesday.

Moscow Hotel's Roaches Face Eviction

By Alessandra Stanley
New York Times Service

MOSCOW — "We have no rats and no cockroaches," the waiter at the restaurant of the Rossiya Hotel said sullenly after city health inspectors ordered Russia's largest, and some say ugliest, hotel to close temporarily and rid itself of the uninvited guests.

Still with a straight face, he added, "absolutely none." Then, reluctantly, the waiter smiled and his smile stretched wider and wider until he threw his head back and began laughing uncontrollably.

"Have guests complained?" he asked. "How can they — they are too busy chasing the rats in all directions." He roared, surreptitiously wiping the tears of giddy amusement from his eyes.

In a city that now boasts four-star hotels, casinos, boutiques, malls and French restaurants with uncanny sommeliers, the Rossiya stands as a glass-and-metal throwback to the frills-free Soviet past, unrenovated, still relatively cheap and still seedy.

However decayed, the 5,374-bed Ros-

siya is a far more vivid memorial to life under communism than the nearby Lenin Mausoleum on Red Square, which has been stripped of its honor guard and snaking line of worshippers.

When it was still new, a leading architecture critic, Ada Louise Huxtable, described the Rossiya as "an air-conditioned nightmare for 6,000."

Rats and roaches took nobody there by surprise. Some seemed almost nostalgic.

Certainly, employees of the gigantic, bleakly lit hotel and theater complex, a Communist-era eyesore that from some angles blocks the view of the Kremlin and Red Square, were not shocked that city health inspectors ordered Monday that the complex be shut.

Nor were the guests.

A group of Australians at the hotel actually seemed cheered by the news that Moscow was as unhygienic as advertised. "This," Paula Jude said brightly, "is adventure!"

The Rossiya was touted here as the biggest and most modern hotel in the

world, a symbol of Soviet achievements as the regime prepared to celebrate its 50th anniversary in 1967. It was meant to be a magnet for foreign tourists.

But it had problems. It was so big and inefficient that desk clerks sometimes could not find guests. Room service was chaotic. In 1977, a fire killed at least 45 people.

In the Bolshevik era, ancient churches, quaint wooden houses and one of the city's oldest neighborhoods around Red Square were razed. The site was later selected by Nikita S. Khrushchev for a grandiose haven for Communist dignitaries and out-of-town delegations.

Now, mostly Russian business people and low-budget tour groups haunt its corridors.

The hotel management did not inform the guests that whole sections of the hotel were being closed and occupants would be relocated to other buildings. "I saw roaches in the room," Zinaida Alukhatemova, 30, a pharmaceutical saleswoman from Bashkiriya, said. "But I didn't bear about them."

German Opposition Taps Scharping to Face Kohl

By Stephen Kinzer
New York Times Service

HALLE, Germany — Germany's opposition Social Democratic Party, reeling from a steep drop in popularity in recent weeks, on Wednesday officially nominated Rudolf Scharping as its candidate for chancellor.

"Optimism, hope and confidence in Germany requires a realistic basis," Mr. Scharping asserted in one of his several attacks on Chancellor Helmut Kohl in his acceptance speech. "I serve no purpose simply to repeat what was done in 1990, to make promises and then ruin everything."

"Kohl let both Easterners and Westerners down. What I criticize is the way he abused people's joy and hope and optimism in 1990 and the way he is doing the same thing today."

Mr. Scharping, who is governor of the state of Rhineland-Palatinate, told a party convention that he was committed to full

employment and "ecological modernization of our economy," including an end to the use of nuclear power. He also promised that he would not raise taxes if elected, something many voters fear.

Several times, Mr. Scharping appealed to his fractious party to unite behind him.

"I expect from you what you can expect from me, not just formal unity but the courage to fight and the strength to dream, because otherwise we won't succeed," he said. "When you want to move such a fat man, you have to get together to do it."

More than 95 percent of delegates voted to endorse Mr. Scharping's candidacy, but they did so with the growing realization that Mr. Kohl will be difficult to defeat.

When Mr. Scharping emerged as the likely Social Democratic candidate late last year, he seemed to have excellent prospects for defeating Mr. Kohl. Weekly polls taken by the Forsa Institute, a leading opinion survey firm, showed him 15 points

ahead in March, and even as recently as two weeks ago.

But the Social Democrats have suffered serious reverses in voting for local offices and for the European Parliament since then, and a Forsa poll released Wednesday showed Mr. Kohl with a 13-point lead.

Commentators attribute the dramatic shift in opinion to voters' uncertainty about the Social Democrats and Mr. Scharping.

Critics had charged that Mr. Scharping was failing to distinguish himself from other candidates and parties, and on Wednesday he sought to remedy that. Besides attacking Mr. Kohl, he criticized the Free Democrats as elitists and attacked the Greens for their calls to disband the North Atlantic Treaty Organization and the German Army.

"We stand by the Atlantic partnership," he said. "For us, NATO and the army are not up for negotiation."

WORLD BRIEFS

U.S. Freezes Assets of All Haitians

WASHINGTON (AP) — President Bill Clinton ordered American financial institutions to freeze the assets of all Haitians on Wednesday, widening the economic stranglehold once limited to military leaders.

An administration official said Mr. Clinton signed the executive order on Tuesday night and had it transmitted to banks and other institutions before the business day began. About 600 military leaders and their supporters were barred earlier this month from access to their money in U.S. bank accounts.

Sealing off U.S. bank accounts is part of Mr. Clinton's plan to force military leaders to peacefully give way to the deposed president, the Reverend Jean-Bertrand Aristide.

Court Clears Ex-Italy Official of Graft

MILAN (Reuters) — A court acted Wednesday to clear former Foreign Minister Giovanni De Michelis, one of the most widely known casualties of Italy's massive graft scandals, of one count of bribery. But the court told the prosecution to press ahead with action on another count of breaking laws on the financing of political parties.

The former official had been charged with violation of party financing laws for accepting a promise of a 70 million lire (\$44,000) contribution to his Socialist Party's campaign for general elections in 1992. The court noted that the money had never been handed over.

Drug Money in Colombia Campaign?

BOGOTA (AP) — Colombia's biggest drug ring influenced the presidential race by contributing to the campaign of President-elect Ernesto Samper Pizano, according to a tape recording of bugged conversations and television news reports.

Television news programs broadcast portions of a tape recording Tuesday night in which two men identified as leaders of the Cali drug ring and another man could be heard discussing millions of dollars in political contributions. Financial requirements of the Samper campaign were discussed, and one of the men appears to approve a contribution of 3 billion pesos.

The Samper campaign said it "affirmed categorically that the treasury did not take in any resources of dubious origin." Mr. Samper said if any of his campaign workers were implicated, they would face criminal sanctions.

Russian Meets With Gore Over Aid

WASHINGTON (AP) — Prime Minister Viktor S. Chernomyrdin held talks with Vice President Al Gore on Wednesday on cooperation to bolster Russia's struggling economy, expected to include a \$9 billion oil and gas deal.

During the two days of talks, Mr. Chernomyrdin and Mr. Gore were to sign documents covering cooperation in space, energy, environment, nuclear reactors, science and technology.

One of the most significant agreements being prepared was Russia's agreement to stop making weapons-grade plutonium at its nuclear generating stations. But U.S. officials suggested that an obstacle remained over how much money Russia would get to help it convert to other energy sources.

TRAVEL UPDATE

British Rail Strike Hits Commuters

LONDON (Reuters) — Britain's second 24-hour rail strike, eight days caused havoc for tens of thousands of commuters on Wednesday as they boarded buses, fought traffic or simply walked to work.

Leaders of the striking Rail, Maritime and Transport workers union warned it was just a taste of things to come as they threatened two more one-day stoppages, on June 29 and July 6.

A strike against planned job cuts badly disrupted French train service Wednesday, with fewer than half the trains running in much of the country, the state railroad company said. (Reuters)

International passengers traveling through Schiphol, Amsterdam's airport, may now obtain value-added tax refunds on purchases made in any of the 12 EU countries. (NTT)

North Korea has decided to admit Japanese tourists again after a one-year halt to issuing visas, Chugai Travel Co., a company specializing in package tours to the North, said in Tokyo. It said a state-run tourism enterprise in Pyongyang had provided notice of the change in policy. (AP)

A Chinese-built highway connecting the resort valley of Pokhara with remote mountainous areas of Nepal was inaugurated by Prime Minister Girija Prasad Koirala. It took five years to build the 71-kilometer highway through high hills and valleys. (AP)

A Cathay Pacific Boeing 747 jumbo jet was involved in a near collision with an Air Nippon Airbus A-320 off Shikoku Island in southern Japan on Saturday, news reports said. Cathay Pacific reported to the Japanese Ministry of Transportation that Boeing 747, on a Vancouver-Hong Kong flight, and the Airbus, route from Naha to Osaka, came as close as 91 meters vertically and 1,850 meters horizontally, the reports said. (AP)

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THE AMERICAS / HELP WITH THOSE LEGAL BILLS

Revival of Independent Counsel May Save Clinton Cash

By David E. Rosenbaum

WASHINGTON — The House of Representatives gave final congressional approval to a bill reinstating the independent counsel law that expired two years ago.

One consequence of the measure is that President Bill Clinton and others in his administration may become entitled to reimbursement for part of their legal fees growing out of the Whitewater investigation.

The House approved the final version of the bill on Tuesday by a vote of 317 to 105. It cleared the Senate with bipartisan support last month and now goes to the president, who has promised to sign it.

The independent counsel law, first enacted in the aftermath of the Watergate scandal in the

1970s, allows a special prosecutor from outside the government to be appointed by a three-judge panel of federal judges to investigate accusations of crimes by high government officials.

A total of 13 different special prosecutors were appointed under the law from the Carter administration through the Bush administration. But the statute expired in 1992 when an extension was opposed by President George Bush and blocked by Republicans in Congress.

Mr. Clinton made his support of the law an issue in the 1992 presidential campaign. And with a Democrat now in the White House, many Republicans in Congress have had what Representative Jack Brooks, a Texas Democrat, on Tuesday called "a change of heart."

The new law will probably mean a change of status for Robert B. Fiske Jr., the special prose-

cutor in the Whitewater case. He was appointed by Attorney General Janet Reno, who promised him independence, but technically he remains an official of the Justice Department.

Ms. Reno is expected to ask the panel of judges to name an independent counsel to the Whitewater case. Although the measure that cleared Congress would not require judges to pick Mr. Fiske, they are expected to do so. He is an accomplished prosecutor who has Republican as well as Democratic support, and it would make little sense to choose someone who would have to start from scratch.

As a practical matter, this would probably not mean much to Mr. Fiske. All his subpoenas would remain in force, and all the testimony he has taken would still be valid.

But it would allow Clinton administration

officials who are investigated by Mr. Fiske but not indicted to apply to the panel to have their legal fees reimbursed by the government. They must show that they would not have had the expenses if it had not been for the independent counsel. And none of the costs they incurred before his appointment as independent counsel would be eligible for reimbursement.

The president's fees in the Whitewater case could easily exceed \$2 million. Presidential assistants said Monday that they were planning to ask Americans to contribute to a legal defense fund for him.

Even if he is entitled to some reimbursement, Mr. Clinton may need additional funds, not only because he has high-priced lawyers but also because none of the costs he has borne up till now can be reimbursed.

★ POLITICAL NOTES ★

Clinton Rules Out 'Defeat' on Health Care

WASHINGTON — Despite a week of panicky pleas for compromise from Capitol Hill, President Bill Clinton said he would not "declare defeat" on the goal of guaranteeing health insurance to every American.

Mr. Clinton's pledge, in a speech to executives from the nation's biggest companies, appeared to have several political purposes, such as hunking up Democratic loyalists in the House, many of whom are going out on a political limb to advance a universal coverage bill.

It also signaled to the Senate, and particularly a very divided Senate Finance Committee, that covering everyone is a goal that will not be compromised.

The president's vow reflected the new effort by the administration to press the health care struggle. The administration asserts that it is this group — not the poor or the rich — that would be the primary beneficiary of guaranteed health insurance, and thus the big loser if it is traded away.

"We're the only people that can't figure out how to cover everybody," Mr. Clinton told the Business Roundtable on Tuesday. The business group rebuffed him in February by endorsing a rival health care plan that fell short of promising universal coverage. "I refuse to declare defeat." (NYT)

Agency Head Weighs Nicotine Regulation

WASHINGTON — Regulating nicotine levels in cigarettes could prevent the next generation of teen-agers from getting hooked on tobacco, the head of the Food and Drug Administration said Wednesday.

"I don't think prohibition would work," said the agency commissioner, David A. Kessler. The question, he said, is "how do we prevent the next generation of kids, if they're going to smoke, from getting hooked on nicotine?"

"Are there ways to restrict access? Some have suggested restricting advertising, or we can look at the nicotine level," he said on NBC. "We have made no decision yet."

Dr. Kessler commented after the agency accused a major cigarette maker of misleading U.S. regulators about its secret development of tobacco containing double the usual amount of nicotine. (AP)

Dole Warns Democrats of Partisan Fights

WASHINGTON — Bob Dole, the Senate minority leader, warned Democrats that they may face a "long hot summer" of partisan battles over major legislation unless they agreed to broader hearings on President Clinton's involvement with the Whitewater affair.

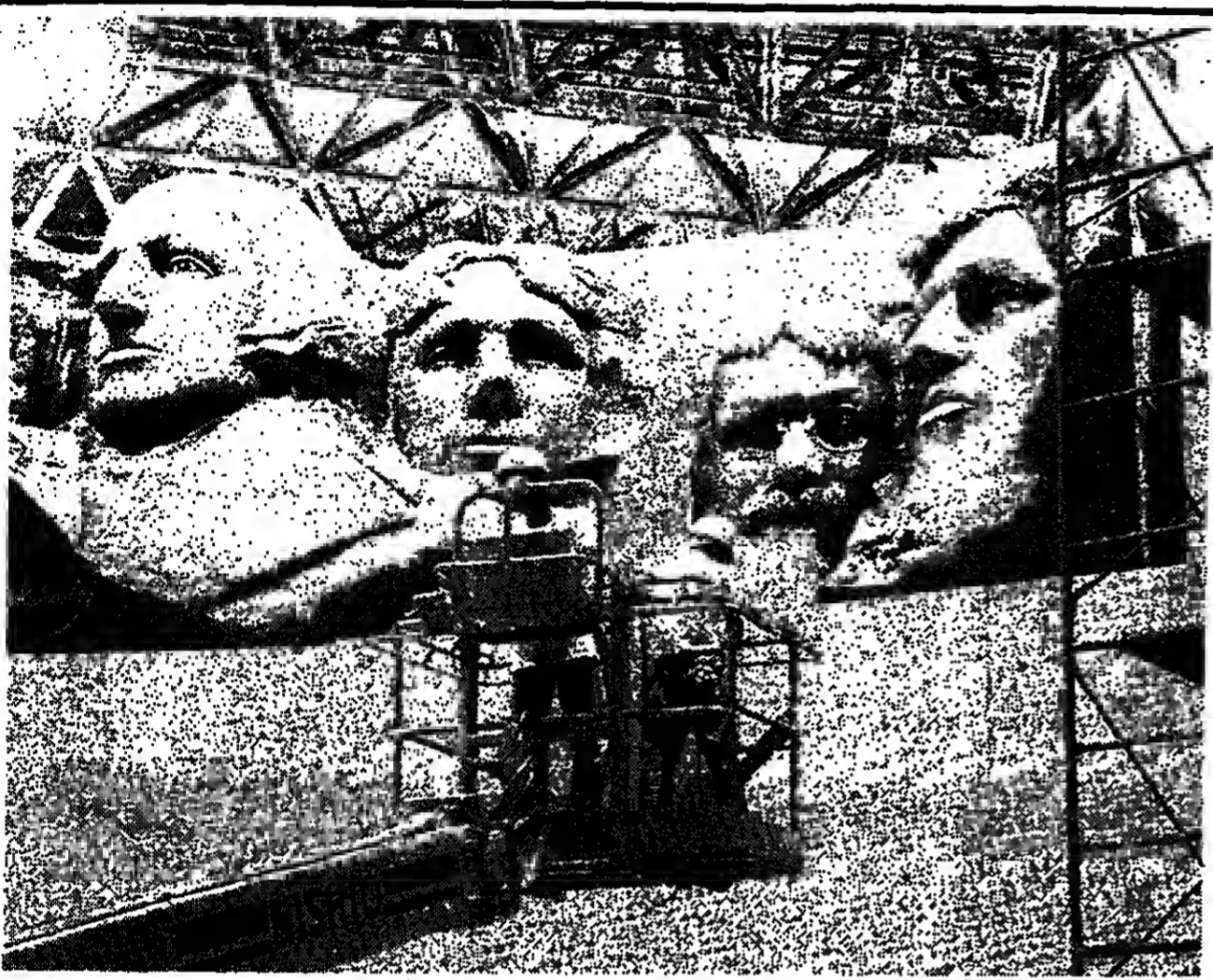
Mr. Dole's warning came as the Senate voted for a 10th time along straight party lines to reject Republican demands to extend the scope of initial Whitewater hearings beyond the relatively narrow limits set by the Democrats. (WP)

Quote/Unquote

Emperor Akihito, talking to a youngster in Los Angeles. "Are you enjoying school?" When told that summer vacation had started last week, the emperor remarked: "You are already on vacation? In Japan the school vacation is at the end of July." (Reuters)

Away From Politics

- A British woman whose boyfriend was slain in September 1993 at a highway rest stop near Tallahassee, Florida, identified one suspected gunman but failed to pick another from police lineups. Margaret Jagger picked Aundra Atkins, 15, from six people, the suspect's lawyer said.
- Police arrested seven suspects in the spray-painting of 14 miles of a freeway in Long Beach, California, that resulted in more than \$100,000 in damage. More than 25,000 graffiti were made from May 13 to May 18 in a so-called tagging war between gangs that covered on-ramps, off-ramps and overpasses.
- A collision between an Air Force F-16D jet fighter and a C-130 cargo plane in March in North Carolina, in which 23 servicemen were killed and 100 injured, was caused mainly by the mistakes of an inexperienced air force air controller, a formal investigation has found.
- A nine-month investigation into Amtrak's deadliest accident, a derailment in Alabama that killed 47 people, has ended with the National Transportation Safety Board divided over who was to blame. The board agreed that a tugboat pilot lost in the fog had pushed a barge into a railroad bridge, knocking tracks out of line minutes before the train arrived. (AP, LAT)



AMERICAN FACES — Japanese workers finishing their work on a copy of the Mount Rushmore sculpture of George Washington, Thomas Jefferson, Theodore Roosevelt and Abraham Lincoln at a festival site east of Tokyo.

President Can't Buck 'Soft Money' Circuit

Some Backers Feel Betrayed

By Michael Wines

WASHINGTON — Thirteen months after he proposed curbing the dominance of national politics by moneyed interests and 16 months after his party chairman proposed relying "less on black-tie dinners and more on brown-bag lunches" for fundraising, President Bill Clinton arranged to dine with 1,800 of the Democratic Party's most prosperous patrons. He is expected to gain \$2 million in fresh donations in the process.

The event has proved the last straw for the nation's most prominent clean-government group, Common Cause, which has endorsed the same fundraising restrictions that Mr. Clinton pledged.

Common Cause has prepared a study showing that since mid-1992, the president and other Democrats have raised \$40.5 million in such big-money contributions. Virtually all of it came from wealthy companies and citizens who gave directly to the Democratic Party, bypassing the legal ceilings on gifts to political campaigns.

The report says the Democratic total of such contributions, known as "soft money," is almost double that raised by the Republican Party over the same time.

And it denounces Mr. Clinton as the "king of the corrupt soft-money system," charging that he has failed to carry out his commitment to pass legislation that would ban such big-money donations after sending a bill to Congress last year.

Fred Wertheimer, the president of Common Cause, said in an interview: "He said he would make this a priority, and he hasn't done it. He said he would fight for change, and he hasn't done it. He said he would spend political capital to win this battle, and he hasn't done it."

Mr. Wertheimer said he did not question Mr. Clinton's intellectual support for the legislation to end big-money dona-

tions to political parties. But on the issue at hand, using White House pressure to enact Mr. Clinton's proposal, which has been stalled for seven months now in a House-Senate conference, "the president seems to have lost his voice," he said.

"Bill Clinton proposed campaign-finance reform legislation and is pushing for it," David Wilhelm, chairman of the Democratic National Committee, said Tuesday. "Frankly, that's contrary to his own political interests."

Mr. Wilhelm, the advocate of more brown-bag fund-raising, said he still intended to reduce the Democrats' reliance on big-money events like Wednesday's dinner.

But until campaign-finance legislation is enacted, he said, "We have to play by the current system of rules. To do anything else would be to unilaterally disarm politically."

Ginny Terzano, a spokeswoman for the White House, called Mr. Wertheimer's accusations "inappropriate" and wrong. "Just because it hasn't passed in his first year and a half doesn't mean it's not a priority," she said. "We don't live in an ideal world. You can't pass every legislative priority overnight."

Indeed, Mr. Clinton raised the issue with both Democratic and Republican leaders as recently as last week, and House and Senate Democrats are meeting this week to discuss a compromise.

It is also true, however, that Democratic backbones on the issue have weakened. The Democrats rammed a thoroughgoing overhaul of campaign-finance laws through Congress with few problems in 1992, largely because they were certain that President George Bush would veto it.

This time, with their own man in the White House and a real prospect that a bill will become law, that resolve is suddenly less stiff.

AMERICAN TOPICS

50 Years On, GI Bill On Downhill Slope

A half century after Congress passed the GI Bill, its provisions have eroded. The bill, formally called the American Servicemen's Readjustment Act of 1944, opened higher education to millions of veterans, fueled a housing boom and turned renters into homeowners through low-interest, no-money-down mortgages.

After World War II, benefits stretched over 48 months, compared with 36 months now. The \$50 monthly benefit for a single veteran in the 1940s has increased in the last 50 years to \$400, but the increase has not made up for the rapid rise in inflation.

"The GI Bill's purchasing power has just evaporated," said Phil Boudon, a spokesman for the American Legion.

Representative G.V. Montgomery, Democrat of Mississippi, chairman of the House Veterans Affairs Committee and a World War II veteran, said, "It doesn't really get the job done."

It ranks veterans, too, that the GI Bill now requires servicemen to pay premiums, like

life insurance. The rising complaints about the erosion in benefits have prompted the 3.1-million member American Legion to lobby Congress to revise the bill again. It proposes doubling the benefit, either by extending the stipend period to 72 months, or by raising it to \$800 a month.

Short Takes

Two pharmaceutical companies, Connaught Laboratories of Swiftwater, Pennsylvania, and SmithKline Beecham of Philadelphia, are conducting the first large-scale tests of experimental vaccines against Lyme disease, a potentially debilitating ailment carried by ticks. There is no guarantee the vaccines will work. But the companies had no problem finding 10,000 volunteers for the first round of inoculations. Both vaccines have so far proved safe and effective in animals; almost every guinea pig, hamster and monkey inoculated has been protected from the disease — even after deliberate exposure to the Lyme bacterium.

Most professors in the United States and 13 other countries believe that they have a responsibility to help solve social problems, but they think that their ideas and recommendations are often ignored outside the classroom, according to a survey of 20,000 professors by the Carnegie Foun-

dation for the Advancement of Teaching. In all 14 countries except South Korea, fewer than half of the faculty members say that professors are among the most influential opinion leaders. In the United States, only 21 percent think they are highly regarded outside the classroom, and in Israel and Britain, a little more than 10 percent think so.

There have been 43 heavyweight boxing champions recognized by at least one boxing association in the past century. But there wasn't a left-handed among them until Michael Moorer defeated Evander Holyfield for the title April 22. Why? Whenever a fight managers took on a promising young boxer, he would be ordered to fight right-handed even if he was a southpaw. Otherwise, says Bert Sugar, editor and publisher of *Boxing Illustrated*, it was too hard to line up bouts: no rightly wanted to fight a lefty — the style was too unfamiliar. There have been exceptions in the lower weights but almost none among the heavies.

The state dinner at the White House last week for Emperor Akihito and Empress Michiko of Japan was white tie — but not all state dinners are. It depends on the president. Dwight Eisenhower gave several white tie dinners

and John F. Kennedy continued the custom but switched to black tie when several congressmen complained that white tie was uncomfortable. Lyndon B. Johnson loathed white tie; Richard Nixon liked it. Jimmy Carter stuck with black tie. White tie returned with Ronald Reagan, George Bush, and Bill Clinton. The Washington Post recalls that despite Mr. Johnson's loathing, his wife, Lady Bird, talked him into wearing it for a French Embassy dinner. The Johnsons arrived to find all the other males wearing black tie except one, whom Mrs. Johnson hastily pointed to. "But he's carrying a tray," Mr. Johnson protested. (International Herald Tribune)

A Failed Test for Teen Mothers

Ineffectual Jobs Plan Bodes Ill for Reform

By Jason DeParle

WASHINGTON — A closely watched experiment in which teenaged mothers were shown how to get education and social services had no effect in moving them from welfare into the job market, according to a study.

The study, being widely discussed among welfare experts, casts doubt on a central feature of the Clinton administration's welfare plan: the decision to focus its initial and work programs on young mothers.

Skeptics argue that the study, along with previous research, paints a portrait of such mothers as being harder and more expensive to help than older mothers.

"It shows how tough it is to work with young mothers," said Judith Gueron, president of Manpower Demonstration Research Corp., a nonprofit group in New York City that designed and evaluated the program.

The program, called "New Chance," served 1,408 teenagers

in 10 states. But after 18 months, those who joined the program were no more likely to be off welfare or in a job than a similar group that received no services.

About 80 percent of the mothers from both groups were still collecting welfare, and only 26 percent had worked in the last three months.

President Bill Clinton's welfare proposal would expand training opportunities for women on welfare but require those still unemployed after two years to join a work program.

To save money and allow states time to adapt, he wants to apply the new rules only to mothers born after 1971. Mr. Clinton sent the bill to Congress on Tuesday.

Melissa Skolfield, spokeswoman for the Department of Health and Human Services, said the bill focused on young mothers because they were "most at risk of long-term dependency."

In addition, she said, the focus on young mothers sends a

clear signal to the next generation, that "they should stay in school, delay pregnancy and postpone having children."

Emphasizing that education is a long-term investment, Robert Granger, the program's director, said it might take more than 18 months to measure the program's effect on earnings.

The mothers' earnings were increasing with time, he said.

The New Chance program did help mothers gain high school equivalency diplomas. Thirty-seven percent of those in the program received the diploma, compared with 21 percent of the mothers in a control group.

DEATH NOTICE

LLEWELLYN

On June 19th 1994 peacefully at King Edward VII Hospital free Officers, London, Morton Ferguson Llewellyn, father of David and father-in-law of Laura, granddaughters of Morton, Kate, Frances and Andrew, great granddaughters of Thomas, Fergus and Gertrude. A dominant.

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'Savage, Messy' Deaths in Simpson Case

The Associated Press

LOS ANGELES — Nicole Brown Simpson's neck was cut through to her spine and Ronald Goldman's ear was nearly severed in the attack that killed them, according to a source in the coroner's office who said their murderer had showed "no mercy."

Mr. Goldman was probably attacked first, from behind, the identified source told KABC-TV. He had a deep cut on the back of his head, slash wounds on his neck and more than 20 other knife wounds, indicating a fierce struggle, the source said.

O.J. Simpson, the former professional football star who is accused of the June 12 killings, has pleaded not guilty to murdering his former wife and Mr. Goldman, her friend. He is being held without bail. In addition to her other wounds, Mrs. Simpson also had a large gash on her head and had been stabbed several times in the chest, the source told KABC. "This was a brutal, savage, messy killing. It was a crime of anger and passion and one that showed no mercy. It was ugly," the source said.

The murder weapon, believed to be a 15-inch (40-centimeter) serrated knife, has not been found.

Evidence in the case became the focus of a hearing on Wednesday. The defense was in court seeking access to everything that the authorities have against Mr. Simpson, including a bloody ski mask that the prosecution said Wednesday does not exist, contrary to news reports.

The hearing began in open session, then the lawyers filed into the judge's chambers for a private conference.

"I'll do anything to stay out of that cell," Mr. Simpson was overheard telling deputies in a conversation picked up by a microphone and broadcast on national television. "I'll sit



O.J. Simpson listening to sheriff's deputies Wednesday during his court appearance.

here and read." He was taken out of the courtroom until the hearing resumed.

Robert Shapiro, Mr. Simpson's lawyer, asked to see the bloody ski mask that investigators were supposed to have found. "There is no ski mask," the prosecutor, Deputy District Attorney Marcia Clark, said. She said other evidence reports were still being compiled and were not available.

Judge Paul J. McKay ruled that Mr. Shapiro's experts could examine the coroner's evidence in the presence of county medical examiners.

The judge also allowed Mr. Simpson to have a cervical pillow in his county jail cell, where he is in a special unit under suicide watch.

Prosecutors were seeking a grand jury indictment of Mr. Simpson, sources said. That would allow the case to go directly to Superior Court for trial, rather than making prosecutors lay out their case in open court at a preliminary hearing.

Mr. Simpson's alibi for the night of the killings, as earlier reported by his lawyer, has come under question.

The caretaker at Mr. Simpson's estate, Kayto Kaelin, contradicted Mr. Simpson's claim that he was at home waiting for a limousine to take him to the airport around the time of the killings. NBC News reported.

Also, a woman said she saw Mr. Simpson, enraged, speed through streets a few blocks from Mrs. Simpson's condominium, where she and Mr. Goldman were killed. Mr. Simpson yelled at a driver in his way, the woman told a television reporter.

Dehaene Pulls Into Lead in EU Race

By Tom Buerkle

International Herald Tribune

BRUSSELS — Prime Minister Jean-Luc Dehaene of Belgium appeared certain to become the next president of the European Commission on Wednesday after leaders of Europe's Christian Democratic parties effectively called on Ruud Lubbers, the Dutch prime minister and his chief opponent, to withdraw.

The party chiefs, who included Mr. Dehaene, Mr. Lubbers and Chancellor Helmut Kohl of Germany, did not formally endorse a candidate at a meeting here. But they agreed that the post should go to whoever wins support from a majority of European Union leaders at a summit meeting in Corfu, Greece, on Friday and Saturday, according to Wilfried Martens, president of the Christian Democratic grouping.

"Mr. Lubbers and Mr. Dehaene are very aware that there has to be a very democratic deliberation and discussion" among the 12 leaders at Corfu, Mr. Martens said at a news conference after the party leaders gathered. "The candidate in the minority," he added, "will withdraw his candidacy."

That would appear to be Mr. Lubbers, who so far can consider only his own vote a sure thing. In contrast, Mr. Dehaene appears to be the favorite of as many as eight of the EU leaders, most notably Mr. Kohl and President François Mitterrand of France.

The winner will take over the EU executive agency on Jan. 5, after the 10-year reign of Jacques Delors of France.

Leaving the meeting, Mr. Lubbers said he was still very much in the race and expressed relief that Mr. Kohl had not opposed his candidacy on per-

sonal grounds. Officials in Bonn have suggested that Mr. Lubbers's tepid support for German reunification prompted Mr. Kohl to abandon him earlier this year, when he was still the front-runner, and promote Mr. Dehaene instead.

But the Dutch prime minister said he had not won any new supporters at the meeting and would not block other candidates, saying, "We don't need such a veto."

The outcome appeared to avert the prospect of a rift within the Christian Democratic group and save Union leaders from an embarrassing deadlock on the main item on their agenda this weekend. Even Mr. Lubbers sounded a lighthearted note afterward. "I teased Dehaene a bit by saying, 'You're so good, you should stay in Belgium.'"

Mr. Martens cautioned that a decision was not guaranteed at

the weekend. Neither Mr. Lubbers nor Mr. Dehaene could pull out of the race on Wednesday because technically they have been nominated by their governments, and presumably would have to be withdrawn by them, Mr. Martens said. But he added, "I think that the governments would accept a consensus of the majority" at Corfu.

Mr. Kohl made clear that he would call a special summit meeting as soon as possible if the leaders failed to make a decision this weekend. Mr. Martens said that meant before July 20, when the new European Parliament holds its first session.

Chinese Aide to Visit Russia

BEIJING — Foreign Minister Qian Qichen of China will visit Russia, Belarus, Lithuania and Estonia from June 27 to July 2.

Traders Aren't Impressed by U.S. Threats

By Carl Gewirtz

International Herald Tribune

PARIS — Washington's threat Wednesday to organize coordinated intervention on world currency markets to bolster the dollar failed to impress traders for good reason: intervention alone, analysts agreed, will at best have only a limited effect in current market conditions.

That's because the dollar is not under attack by speculators, but rather suffering from a lack of confidence that has interrupted the flow of international capital movements — particularly out of Japan.

Intervention is most effective when speculation is rampant. Speculators are nervous sellers — holding short dollar positions — who are eager to grab a profit and move out. It is that nervousness and preparedness to run that makes intervention so effective.

"Depending on whom you talk to, there are widely differing views about whether there are big dollar shorts in the market," said an Amstardam Bankers Trust in London. "I tend to view that there are not."

The dollar's weakness is widely perceived to be more fundamental — a mismatch of supply and demand. The oversupply is a \$400 million daily outflow from the United States to the rest of the world via its trade deficit. Normally, this would be offset by a capital inflow from foreign investors as interest rates in the trade surplus countries are lower and therefore less attractive than returns available in the United States.

But such capital inflows have virtually ceased. Foreign investors have been traumatized by the unrelenting sell-off in the U.S. bond market, leaving them unwilling to commit new funds until prices have stabilized.

For the Japanese, the trauma is even more severe as a steady appreciation of the yen has more than wiped out gains even when prices on the underlying U.S. assets were rising. Stabilizing the dollar is essential to getting capital flows moving out of Japan.

Intervention with the threat of policy change would be more of a threat. But the prevailing belief in financial markets is that neither the United States nor its allies are prepared to move interest rates because such changes are not justified by domestic economic conditions.

This is where the experts think market operators are wrong. Analysts at both J.P. Morgan and Salomon Brothers in New York believe that the 14 percentage point increase in short-term U.S. interest rates since early February has succeeded in slowing the robust rate of growth recorded in the final quarter of last year and the first three months of this year.

"U.S. growth is likely to stay robust and is expanding fast enough to justify another increase in U.S. interest rates," said John Lipsky of Salomon Brothers.

Morgan analysts go so far as to say that the next hike to U.S. rates, expected before mid-July, will not be the final nudge from an accommodative to a neutral policy by the Federal Reserve Board, but rather the first of a new series of tightenings that will take the cost of overnight money from its current 4 1/2 percent to 5 percent by year-end.

Likewise these analysts and many in Germany, including Ulrich Beckmann at Deutsche Bank, believe that market operators have misjudged the Bundesbank and insist that interest rates will decline further.

DOLLAR: Markets Take the Dare

Continued from Page 1

which he found "as bright as it has been in decades."

Financial markets hung on his every word for a hint of whether the Fed might raise interest rates at its next meeting on July 5 to help support the dollar, but he said virtually nothing.

Obviously aware of the Treasury's plans, Mr. Greenspan prefaced his prepared testimony with a brief statement replying to a planned question on the dollar from the committee chairman, Representative Martin O. Sabo, Democrat of Minnesota.

The Fed chairman said: "Foreign exchange markets have been the focus of considerable attention in recent days. I do not intend to discuss these developments in my testimony this morning. However, I thought it would be appropriate to inform the committee that Secretary Bensten and I have been following developments very closely because we cannot be indifferent to major movements in our currency."

"The Clinton administration's goal," Mr. Lipsky observed, "is not to push the dollar higher but rather to assure markets that a substantial further decline is neither justified nor warranted. The aim is to reduce investor fears about such a decline."

"In that case, intervention backed up with likely changes in interest rates should be successful."

NATO: Russia Signs With Alliance

Continued from Page 1

tell NATO what to do? Or be a true partner?"

Mused another official, "We'll soon see whether this is letting the fox into the hen-house."

Such concerns reflect the unsettled state of post-Cold War NATO and the uncertainties in accepting Russia as a potential ally.

NATO's future security role, now that Moscow is no longer the official enemy, is ill-defined. It has resisted throwing its protective blanket over any of the former satellites or republics of the old Soviet Union, on the grounds that it would offend Russia and in any case be an expensive undertaking.

Eventual membership for several East European states through the Partnership is described as inevitable, but no timetable or even criteria for entry into NATO is specified.

Several former Soviet satellites that have signed up for the Partnership make no bones about their feeling that Russia

is a potential danger. In particular, Poland, Hungary, the Czech Republic and Slovakia are pressing for quick, full NATO membership — and protection against a resurgent Moscow.

Russian officials oppose expansion on the grounds it would lead to Russia's isolation. It is this kind of assumed veto over NATO's future that make some officials nervous.

Mr. Kozirev tried to soothe fears of Russian obstructionism, Russia, he said, stands by its choice of principle — the carrying out of national and state interests "through cooperation rather than confrontation."

"This is not Yalta II," he added, referring to the 1945 Allied arrangement that effectively put East Europe under Soviet control.

He expressed Moscow's hope that NATO would no longer be an alliance aimed at Russia.

U.S. officials expect that, over time, Russian opposition to NATO expansion will dissipate.

Yeltsin to Meet Clinton in U.S.

Reuters

BRUSSELS — President Boris N. Yeltsin has accepted President Bill Clinton's invitation to meet in the United States this fall. U.S. and Russian officials said Wednesday.

Official word of Mr. Yeltsin's acceptance came from Foreign Minister Andrei V. Kozirev and Secretary of State Warren M. Christopher after talks in Brussels, following Russia's signing of the North Atlantic Treaty Organization's Partnership for Peace program. U.S. officials said no specific dates were specified.

"We are very pleased that President Yeltsin accepted President Clinton's invitation to visit the United States in September," Mr. Christopher said at a news conference.

White House officials Tuesday said that Mr. Clinton would talk with Mr. Yeltsin in Naples on July 10 during the G-7 summit meeting and would probably announce the date of their U.S. talks.

Arafat Visit To Jericho Set for July

Agence France-Presse

JERICHO, West Bank — Yasser Arafat, the Palestinian leader, who was expected here by the end of June, will not be coming before the middle of July, a senior Palestinian official, Colonel Jibril Rajub, said Wednesday.

The colonel is head of security in the new Palestinian self-rule enclave of Jericho.

"International donors are late in sending us the aid to start building our infrastructure," Colonel Rajub added, saying this was the major reason for the delay.

The donors have pledged \$42 million to help start Palestinian autonomy processes. This was to be followed soon after by \$90 million, part of a total of \$720 million for the rest of the year.

Colonel Rajub said political factors such as Palestinian prisoners and Israeli security arrangements at checkpoints contributed to the Arafat delay.

On Monday, Israeli soldiers stopped the chief Palestinian negotiator, Nabil Shaath, at checkpoints twice during a visit to Jericho. He was only let through one of them after intervention by the Israeli deputy chief of staff, Amnon Shahak.

"After my visit to Jericho and what I have seen there of Israeli violations, there is a chance that Arafat will delay his arrival," Mr. Shaath told the paper Al Quds.

"I would not want him to see what I have seen of military barriers and of obstacles to tourism. We must first solve these problems."

ISLAND: Debate on Mandela's Jail

Continued from Page 1

it will be turned into some grass commercial venture. Sol Kerzner, developer of the Sun City resort north of Johannesburg, expressed interest in building a casino. Prison officials said he was turned down.

Tours now touch only briefly on what made the island famous. Security concerns preclude visitors from seeing the inside of the two prisons or Mr. Mandela's tiny cell. The sandy road that leads to the limestone quarry where political prisoners labored under the glaring sun — and surreptitiously spirited messages to each other — cannot accommodate tour buses.

The island has no exhibits showing the daily life of the prisoners. Until a few years ago, jailers segregated the prisoners by race and maintained a rigid racial caste system.

White inmates were given seven ounces of meat, 16 ounces of vegetables and two cups of coffee a day, according to records gathered by the May-

buye Center. But black prisoners only got five ounces of meat and one cup of coffee.

For years, the black prisoners were denied sweaters and long pants despite the cold, rainy winters here.

Still, prisoners were able to scratch out a semblance of normal life. They even organized a league. "In the early '60s life was very, very harsh on the island," Mr. Siebritz said. "But in the '70s after protests from the prisoners, things loosened up."

Henry Fazzi, 70, wants to see a museum on the island. He is a former commander in the military wing of the African National Congress. Spear of the Nation, and was imprisoned on the island for 20 years.

"The island is important not only to us in South Africa, but for everybody in the world," he said. "I was in America in 1991. I went everywhere from the South to the North, and everybody knew about Robben Island."

RWANDA: UN Backs Troop Role

Continued from Page 1

ing to seize the lead or commit the 5,500 troops needed for a previously authorized peacekeeping operation under United Nations command.

Secretary-General Butros Butros Ghali reported this week that only Ethiopia has committed a fully equipped unit to the UN force.

As a result, nations have had to accept the French operation by default since it was, as the Djibouti delegate, Robit Olhaye, said, the "only viable alternative."

"The rest of humanity probably feels at this point that anything we do would be better than what is happening now," Mr. Olhaye said.

The Security Council's mandate calls for the French operation to stay in Rwanda for two months, until the UN peacekeeping force can be formed.

Mr. Butros Ghali said it would take three months to fill out the UN force, but Paris insisted on a shorter time to as-

suage fears at home that its soldiers could get bogged down.

The Council's resolution allows the French mission to use "all necessary means" to protect Rwandan civilians, but insists on a "strictly humanitarian," impartial and neutral operation that will not interfere in the fighting between the rebels and the government forces.

Prime Minister Edouard Balandier told the National Assembly in Paris that the French troops would not carry out any operations deep into Rwandan territory and would avoid force.

The French forces will be commanded by Brigadier General Jean-Claude Lafourcade, 51, who heads the 11th Paratroop Division.

The Security Council vote split the African nations: Djibouti and Rwanda, which have two years to have a Council seat this year, voted in favor while Nigeria, which was never in the French colonial domain, abstained. Other abstentions came from Brazil, China, New Zealand and Pakistan.

BALKANS: Diplomats Fear All-Out War in Balkans

Continued from Page 1

hours in talks with the Croatian Serbs over the issue of the refugees.

The mediators say there is nothing more they can do until there is some change in attitude by the hard-line Croatian Serbs who, as one diplomat concluded, "simply are not interested in negotiations."

As a result, U.S. and other diplomats are no longer in a position to offer President Franjo Tudjman the hope of peaceful negotiations as an alternative to his long-threatened war option. They are just warning him that the consequences could be a lot worse than the status quo for his partly occupied nation.

The attitude of Bosnia's warring Serbian and Muslim factions toward negotiations is not much different from the Croatian Serbs.

What will probably be a last attempt for many months by the international community to mediate the Bosnian conflict is about to be played out the first two days of July in Geneva. There, the foreign ministers of Western Europe, the United States and Russia will gather to approve a theoretical plan.

It consists of a map drawn up by their own envoys for the partition of Bosnia on a 51-49 percent basis between the newly formed Muslim-Croat federation and the Serbs' self-declared Serbian Republic.

The map, published Monday in the Belgrade weekly Vreme, would require the Bosnian Serbs to hand back more than 20 percent of the land they seized at the outset of the war 26 months ago, mostly in eastern and northern Bosnia.

Most contentious, they would have to return to the Muslims a lot of territory around the three Serbian-besieged Muslim enclaves in eastern Bosnia — Srebrenica, Gorazde and Zepa — and they have to return to the Croats a broad swath of land known as Posavina in the north.

The latter proposal, if carried out, would virtually sever a corridor connecting Serbian-held lands in northeast and northwest Bosnia.

On Monday, Israeli soldiers stopped the chief Palestinian negotiator, Nabil Shaath, at checkpoints twice during a visit to Jericho. He was only let through one of them after intervention by the Israeli deputy chief of staff, Amnon Shahak.

"After my visit to Jericho and what I have seen there of Israeli violations, there is a chance that Arafat will delay his arrival," Mr. Shaath told the paper Al Quds.

"I would not want him to see what I have seen of military barriers and of obstacles to tourism. We must first solve these problems."

Aden Death Toll In Shelling Is Put At 200 for Week

Reuters

ADEN, Yemen — Southern Yemen said Wednesday that a bombardment of Aden by besieging northern forces had killed 200 people and wounded 700 others in less than a week.

Artillery duels between rival Yemeni armies sent clouds of smoke rising above a desert battlefield near Aden, and the South said its troops had knocked out 20 northern tanks and shot down a MiG-21 warplane during the day.

A lull in the firing early Wednesday evening brought a respite to the southern stronghold. South Yemen seceded on May 21 from a four-year-old union of the North and the South.

"Two hundred people have been killed and about 700 injured in the last five days," said Abdel Rahman Jilri, the vice president of the southern state. Earlier figures given by southern officials put the death toll at 100, mostly in civilian areas of a city whose population is estimated to have grown from 350,000 to more than 400,000 because of an influx of refugees.

"They are trying hard to push our forces back to Aden," Mr. Jilri said. "They have tried 12 times since Friday."

EUROPEAN TOPICS

A Nuclear Controversy With Culture Mixed In

What to do with an unwanted nuclear reactor?

In the Swiss town of Lucerne, 30 kilometers (20 miles) northeast of Lausanne, an experimental power plant, closed after an accident 25 years ago, is being turned into a cultural center. But nuclear controversies have a long half-life, and even this move has brought rancor.

The government has granted a credit of 10 million Swiss francs (\$7.4 million) for the purchase and conversion of the site.

But ecologists contested the plan and its cost, demanding a site study by a neutral expert to ensure that the demuclearization process is complete.

At Wackersdorf, Germany, nine companies have moved into facilities on the site of what was to be a huge nuclear reactor — canceled in 1989 amid huge and sometimes bloody protests.

The imposing walls, ditches and barbed-wire fences surrounding the 134-hectare (330-acre) site have been pulled down or filled in,

Companies, led by BMW, have created 792 jobs on the site; Bavarian officials promise a total of 3,000 by the year 1999.

Most of the psychological wounds over the bitter struggle have healed, according to Die Welt. But a small group of opponents still meet every other weekend to relive their battles.

Around Europe

Encouraged by the French example, a Polish Academy of Science commission is drafting a law "on the official language and its protection."

In Communist times, many people had not even heard some of the English words that now seem everywhere; there are "shops," "markets," and "butliks"; ads for "schools," car "dealers," and telephone "sex-lines" fill the newspapers. And now Poles use such words with a sense of freedom.

Unlike the French law, the Polish Academy draft would not ban foreign words. Academics say their primary concern is with preserving "the culture" of the language, which they see being badly eroded.

A French vintner with a taste for experimentation has just pulled 120 bottles of white wine out of the Atlantic

coast oyster bed where they have been reposing for four years. And a jury of wine experts has declared the Pouilly Fumé, Touraine Blanc and Coteau du Layon that they tasted to have developed "an interesting roundness" compared to similar wine aged in cellars. The vintner, Guy Saget, of Pouilly-sur-Loire, wanted to study the effects of the natural darkness, the constant temperature of 10 to 12 degrees centigrade, and the rolling motion caused by waves and tides. He was inspired, according to Liberation, by the finding that bottles of Montbazillac discovered after three centuries in a ship sunk off the coast of Amsterdam had developed a particularly delicate taste.

A Lutheran church in Hamburg offers easy payment terms. Instead of placing cash in the collection basket on Sunday, congregants may use coupons worth 5, 10 or 20 Deutsche marks purchased in the church office, reports Der Spiegel. The advantage: The church provides receipts that can be used for tax deductions. Since the new system began, offerings have increased by 15 percent.

Brian Knowlton

ESORTS & GUIDES

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KOREA: Clinton Reports Success

Continued from Page 1

week to North Korea, where he met President Kim Il Sung, sketching out the contours of the deal Mr. Clinton confirmed. President Clinton said he was grateful for Mr. Carter's initiative.

Of the new arrangement, Mr. Clinton said, "We welcome this very positive development" which he said "marks a new opportunity to find a solution."

In the weeks leading up to the announcement Wednesday, the United States had been trying to coax the North Koreans into compliance with the Nuclear Nonproliferation Treaty. Failing that, the United States had mounted an effort to win sanctions in the United Nations, a step the North Koreans said would be an act of war if carried out.

Earlier Wednesday, the United States and Russia succeeded in smoothing major differences over the North Korean nuclear dispute.

Under an agreement reached here, the United States accepted a Russian call for an international conference on Korea during a 30-day pause before any new effort was made to vote United Nations sanctions against North Korea.

If at the end of the period, North Korea still refused to allow UN monitors to inspect its nuclear facilities, the Russians would support a rapid move toward sanctions.

Foreign Minister Andrei V. Kozyrev of Russia said the North Koreans should be allowed time to meet their "international obligations." If at the end they fail, sanctions will be sought with Moscow's backing.

Mr. Kozyrev was clearly not eager to see sanctions, calling them "an extreme measure."

Speaking at a joint news conference with Secretary of State Warren M. Christopher, he said a conference should be held within the 30-day period to "open the door" for Pyongyang to "take positive steps."

"Sanctions are unavoidable after 30 days; North Korea must use these 30 days to avoid sanctions," he said, adding: "We should show quite clearly that sanctions are inevitable if North Korea does not take positive steps."

Mr. Christopher said Washington and Moscow had agreed to act promptly, but he added that no deadline had been set and that China, Japan and South Korea would be consulted ahead of a sanctions decision.

He listed four requirements of Pyongyang:

- It should not refuel its nuclear reactors.
 - It should not reprocess its nuclear materials.
 - It should allow international inspectors to remain in North Korea.
 - It should meet all its International Atomic Energy Agency obligations.
- Mr. Kozyrev said the U.S. and Russian positions on North Korea had moved closer. "They coincide almost entirely on most aspects," he added. "I think our representatives in New York will reach agreement very soon."

Earlier this month, Russia and the United States arrived at a similar deal, but a misunderstanding developed. Moscow

thought the United States had agreed to an international conference before a sanctions resolution would be introduced.

The United States interpreted its commitment as one "in principle." Mr. Kozyrev expressed dismay when the Americans began circulating a sanctions resolution in the Security Council that did not contain provisions for a conference.

The latest meeting appeared to have put Moscow and Washington on the same track.

North Korea agreed to hold talks next week to prepare for the first summit meeting ever between the presidents of the two Koreas, a move hailed as a positive sign for easing nuclear tensions.

The North Korean prime minister, Kang Song San, sent a message to his South Korean counterpart, Lee Yung Dug, saying the North would accept a proposal to hold preparatory talks at the border village of Panmunjom on June 28.

Radio Pyongyang, monitored in Tokyo, confirmed that the North had agreed.

A Seoul government spokesman called the North's response a "positive sign."

"We had been a little bit skeptical of North Korea's intentions," he said. "Judging from the North's quick and sincere response to our offer, the North seems to be truly interested in the summit."

Foreign Minister Han Sang Joo said at a news conference that prospects for a summit meeting were better than ever, and that the summit meeting and a new round of North Korean-U.S. talks should be held as soon as possible.

(AFP, Reuters) North Koreans striding at the Panmunjom Demilitarized Zone.



China's Border Porous for North Korea

By Rone Tempest

Los Angeles Times Service

TUMEN, China — On the Chinese side of the border, a convoy of seven North Korean flatbed trucks, sagging under several tons of Chinese rice, rumbled under an ornamental gate on their way across the Tumen River to North Korea.

Less than a kilometer away, beside the snow-fed river, a North Korean steam engine whistled impatiently as it waited to receive the white rice and transport it to the hungry interior.

North Korea is an economically strapped nation where food is strictly rationed and where the patriotic goal, still unrealized, is two meals a day for all citizens.

American reporters granted a rare visit to the Chinese-North Korean border here in Jilin Province watched a steady flow of goods being transported between Tumen, one of seven border-crossing points in the province, and the Korean town.

Local officials said the trade increased in recent months as the threat of United Nations economic sanctions against North Korea mounted because of a suspected nuclear weapons program.

The prospect of such sanctions seemed to recede over the weekend after former President

Jimmy Carter's visit. But if they ever materialize, North Korea would rely even more heavily on its main link to the outside — the corridor of northeast China along the Tumen River where North Korea, China and Russia meet.

More than 40 percent of North Korea's \$736 million in trade with China — its main lifeline for grain, other food and fuel — passes through this remote area that is home to most of China's ethnic Koreans.

For any UN sanctions to succeed, this border would have to be sealed. But those who know the area say it would be difficult to achieve, if not impossible, for several reasons:

• Security along the 500-kilometer (310-mile) border in Jilin Province is minimal and smuggling is common. Few expect the Chinese government to enforce sanctions even if approved by the United Nations.

• Since 1982, when the border reopened after a 12-year break in friendly relations during China's Cultural Revolution, trade with North Korea has become one of the most important factors in the regional economy.

Sun Jinh, deputy director of foreign trade for the Yanbian Autonomous Prefecture, said the biggest increase in trade has come in the last two years — a

jump from \$80 million in 1991 to more than \$300 million last year. About 22 North Korean companies operate small joint-venture businesses, mostly hotels and restaurants, on the Chinese side.

• Ethnic and language ties among Koreans on both sides of the border are likely to subvert any attempt to carry out sanctions intended to punish North Korea for its defiant stand on nuclear programs.

Chinese Koreans rallied in great numbers to fight alongside their neighbors and relatives during the Korean War against American-led UN forces. Monuments to soldiers killed in the conflict line both banks of the Tumen River.

The nearly one million Chinese Koreans who live in the Tumen valley would probably resist any foreign efforts to close the border.

"More than 40 percent of our population is ethnic Korean," Mr. Sun said. "They share the same habits, language and lifestyle with the people across the border in the Democratic People's Republic of Korea."

If the sanctions proposal ever does come to a vote before the United Nations Security Council, China is expected to abstain. But even if the sanctions are approved, their success

would depend upon Chinese enforcement along this border.

From 1970 to 1982, the Chinese government officially closed its border with North Korea, both because of the excesses of the Cultural Revolution and also because North Korea had taken the Soviet side in a Chinese-Soviet ideological dispute.

But even then, the closing had little effect on the Korean population. When the political persecution of the Cultural Revolution became too intense, the Koreans simply crossed over to the "motherland."

Jakarta's Blow to a Free Press

Magazine Closings and Warnings Create Chill

By Philip Shenon

New York Times Service

SINGAPORE — An era of relative political openness and press freedom in Indonesia appeared to end this week as the government of President Suharto shut down three influential magazines, including the nation's most prominent newsweekly, and warned other publications that they could soon share a similar fate.

Diplomats and human rights activists said that the closing of the magazines was the most serious blow to freedom of speech in that vast archipelago nation in decades and would harm the international standing of the Suharto government at a time when it seemed to be otherwise improving.

The publications closed by the government were Tempo, which began publication in 1971 and had been considered the nation's preeminent newsweekly; Detik, a year-old magazine praised by readers for its daring investigative reporting; and Editor, another newsweekly. They were notified late Tuesday that their publication licenses had been revoked by the government.

Fikri Jufri, editor in chief of Tempo, said in a telephone interview from his office in Jakarta, the Indonesian capital, that there was no hope for renewing the publication — "at least not in this regime."

"The press will now lay low," he said. In their willingness to challenge the government, the three publications had no rival among Indonesia's daily newspapers, which are far more timid in their coverage. News broadcasts on Indonesian television and radio have traditionally been subjected to tight government control.

The Information Ministry said Tuesday that it had closed Tempo after the magazine, which had a circulation of about 190,000, failed to heed several warnings over its news coverage. The director of the ministry's press department was quoted as saying that recent articles in Tempo, "haven't reflected the life of a sound press, a free and responsible press."

The ministry said the other two publications were being shut down for "administrative" reasons involving their alleged failure to operate according to terms of their publishing licenses.

The shutdown of the three magazines appeared to offer new evidence of the growing influence of the technology minister, B. J. Habibie, a close friend of Mr. Suharto's and a possible successor. He has been the subject of unflattering scrutiny in Tempo and elsewhere after he arranged the purchase of 39 ships from the former East Germany Navy. The purchase had been opposed by senior officers of the Indonesian Navy.

Detik began publishing in February 1993, and it aroused the anger of the government over a series of recent stories implicating senior officials and friends of Mr. Suharto's in a banking scandal.

Juwono Sudarsono, a professor of political science at the University of Indonesia, said he believed that other news organizations in Indonesia would take heed of the government's warning and "tone down" their reporting on the sort of stories that had been championed by Tempo, Detik and Editor.

"The style and openness of some of the recent reporting had been startling, certainly for people of the president's generation," he said.

Japan Concedes It Used Chinese In Forced Labor

The Associated Press

TOKYO (AP) — Japan acknowledged for the first time Wednesday that it had forced tens of thousands of Chinese to work in Japan under brutal conditions in World War II.

Although the existence of the forced labor program was widely known, the Foreign Ministry had refused to accept it, maintaining that documents with evidence were burned.

"It is regrettable that it caused pain to the Chinese people," Foreign Minister Koji Kakizawa told a committee of Parliament in acknowledging the forced labor.

Japan invaded China in 1931, occupying large sections of the country until its defeat in 1945.

Japan's admission followed a Foreign Ministry investigation begun last year when a Chinese resident of Tokyo, Chen Kung-wang, publicized documents given to him by a Foreign Ministry official.

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Socialists Want to Get Back In With Hata

The Associated Press

TOKYO — A key Japanese opposition party said Wednesday it was ready to form a new alliance with Prime Minister Tsutomu Hata's coalition, a potential rescue of Mr. Hata as he appeared in danger of losing a no-confidence vote.

The decision by the Social Democratic Party makes it less likely that Japan will have a lame-duck leader at the summit meeting of the Group of Seven leading industrial democracies next month. But it could produce a government badly split

over Japan's most critical foreign policy issue: how to deal with North Korea's nuclear program.

The Social Democrats, the second-largest party in Japan, quit Mr. Hata's coalition hours after he became prime minister on April 25. That move made the government Japan's first in 39 years without a majority.

Until Wednesday, Socialist leaders had hinted they would join with the conservative Liberal Democrats to approve a no-confidence motion against Mr. Hata. That would force the

prime minister either to resign or call elections.

But on Wednesday, after talks between Socialist leaders and Mr. Hata's allies, the secretary-general of the Social Democrats, Wataru Kubo, said his party hoped to join a coalition that "includes this government."

"We must build a new coalition government with a stable foundation," he said.

Talks were to continue Thursday, but they could falter over policy disagreements. The main ideological behind Mr. Hata's government, Ichiro Ozawa,

has taken a tough line on North Korea's suspected nuclear weapons program, calling on Japan to be ready for sanctions and proposing that Japanese forces join any United Nations military mission that might be sent to the Korean Peninsula.

The Socialists have said that the problem should be resolved through talks. But Mr. Ozawa said at a news conference on Wednesday that he would not insist on getting his way.

"If everyone can agree, 'Let's do it like this,' then that ought to be O.K.," he said.

CROSSWORD

1 Across	24 Across	42 Across	58 Across
Wrought-up	Wish	Litigant	"The Maids"
City near Phoenix	Least significant	Most fit	playwright
16 Metadramatic	25 Bluestem Robert	43 Sir overseas	49 Valley, Calif.
cry	26 Coffee-break	45 Bitter	50 The joint
34 Cottonwood, in	27 Independently	46 Plays the zither	51 Prefix with
Spanish?	33 "You there!"	50 Vicente, Brazil	space or stat
18 Burns one up	34 Relief pitcher's	53 It won Hepburn	
19 Perambulate	35 Test	54 One of the	
17 One past his	36 Hot time	O'Neills	
20 On the other	37 Makes like	56 One of the	
hand	38 Man with a lift	terminus	
21 Essentials	39 Echoes place	57 World's largest	
22 Summer top	40 N.Y.C. cultural	cobalt exporter	
23 Sheddade	site	58 Attributes	

Solution to Puzzle of June 22

1 Across	24 Across	42 Across	58 Across
Wrought-up	Wish	Litigant	"The Maids"
City near Phoenix	Least significant	Most fit	playwright
16 Metadramatic	25 Bluestem Robert	43 Sir overseas	49 Valley, Calif.
cry	26 Coffee-break	45 Bitter	50 The joint
34 Cottonwood, in	27 Independently	46 Plays the zither	51 Prefix with
Spanish?	33 "You there!"	50 Vicente, Brazil	space or stat
18 Burns one up	34 Relief pitcher's	53 It won Hepburn	
19 Perambulate	35 Test	54 One of the	
17 One past his	36 Hot time	O'Neills	
20 On the other	37 Makes like	56 One of the	
hand	38 Man with a lift	terminus	
21 Essentials	39 Echoes place	57 World's largest	
22 Summer top	40 N.Y.C. cultural	cobalt exporter	
23 Sheddade	site	58 Attributes	

DOWN

1 Down	24 Down	42 Down	58 Down
Lois	Wish	Litigant	"The Maids"
2 Tissue addition	Least significant	Most fit	playwright
3 Santa drawer	25 Bluestem Robert	43 Sir overseas	49 Valley, Calif.
4 Dennis the	26 Coffee-break	45 Bitter	50 The joint
Menace, e.g.	27 Independently	46 Plays the zither	51 Prefix with
5 Site of a May	33 "You there!"	50 Vicente, Brazil	space or stat
1942 battle	34 Relief pitcher's	53 It won Hepburn	
6 Chop finely	35 Test	54 One of the	
7 Work units	36 Hot time	O'Neills	
8 Carnivals	37 Makes like	56 One of the	
destinations?	38 Man with a lift	terminus	
	39 Echoes place	57 World's largest	
	40 N.Y.C. cultural	cobalt exporter	
	site	58 Attributes	

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Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Censorship by Terror

The disappearance in Bangladesh of the dissident writer Taslima Nasrin, driven into hiding with a price on her head after being accused of blaspheming Islam, marks the growing use of this pernicious way of suppressing freedom of expression. The most celebrated previous target of this kind of treatment is Salman Rushdie, who remains in hiding under an assassination order of the Iranian government, but the problem is larger than Mr. Rushdie — or Ms. Nasrin, for that matter. It goes to the crux of the struggle being waged over the role of dissent and disagreement in modern-day Islam, both from within the religion and from those, like Ms. Nasrin, who say they are not believers but who live in countries where the relationship between radical Islamic groups and less extreme governments is still fluid and tiffy.

Bangladesh, till now a relatively moderate Islamic nation with a female prime minister, is now embroiled in just this struggle with local groups. Ms. Nasrin has been in trouble intermittently because of writings that are critical of the status assigned to women by Islamic law. Nongovernmental Islamic groups have

called for her death before, forcing her into virtual house arrest earlier this year and bringing declarations of support for her case from many international human rights groups and writers' organizations. The Bangladeshi government has previously responded to those calls, restoring her passport and allowing her to travel abroad, but it issued an arrest warrant — on charges of intent to insult Muslims — after news reports that she had told an interviewer in Calcutta that the Koran should be revised.

Ms. Nasrin has since written to Bangladeshi media denying the charge. What she said, she asserts, was that sharia, or religious law, should be revised as it pertains to women. But the specifics of the offense are less important to the case than the barbarity of crowds in the street chanting demands for the death of a writer — and the brutality of the government of that writer's nation going along with the vigilantes. Indulging such intellectual vigilantes, let alone backing it up with official actions, is against every norm of civilized government. Other nations should make plain their concern for Ms. Nasrin's safety.

— THE WASHINGTON POST

Remember the GI Bill

Not all the great victories in World War II took place on the battlefield. What proved a landmark triumph for America and its fighting forces had its start in the White House 50 years ago yesterday when President Franklin D. Roosevelt signed the GI Bill of Rights. Few laws have done so much for so many, yet the anniversary of this political and social counterpart of D-Day has been all but forgotten.

Formally known as the Servicemen's Readjustment Act of 1944, this innovative bill was ambitious in design and laudable in purpose: to help 10 million veterans, and their country, adapt to peacetime. The measure offered guaranteed loans to buy a home, farm or business; 32 weeks of unemployment insurance at \$20 per week, plus job placement services; and, most enduringly important, up to four years of federal aid for learning or training at any level, from grade to graduate school.

And so Americans who never dared dream of attending college joined a flood that crested in 1946 and 1947, when 2.5 million veterans qualified for \$500 or more in annual tuition, plus monthly allowances of \$65 for single students, \$90 for married. Almost overnight on U.S. campuses, Quonset huts and prefab houses bloomed to accommodate this influx. In a stroke, the legislation kept a demobilizing army from engulfing the labor force, threw open cloistered academic doors and offered energizing plasma to schools of every kind, public or private.

The special genius of the law was that it bypassed old arguments over states' rights and tax aid to religious institu-

tions by extending its benefits to individual citizens, who had wide freedom of choice. This notable home-front victory was chiefly the work of Roosevelt. As early as November 1942, he had asked a panel of educators to design a comprehensive program for former servicemen and servicewomen. In summer 1943, in a message to Congress and in a radio fire-side chat he urged approval of the panel's core recommendations, and got vital support from the otherwise staunchly conservative American Legion.

Even so, the school provisions were assailed by John Rankin, the race-baiting Mississippi Democrat who headed the House Veterans Committee; he protested that blacks were incapable of benefiting from college. Less predictably, President Robert Maynard Hutchins of the University of Chicago gloomily warned that "colleges and universities will find themselves converted into intellectual hobo jungles." Veterans "unable to get work and equally unable to resist putting pressures on colleges and universities will find themselves educational hobos."

Such prophecies were wildly off the mark. So popular and successful was the law that many of its benefits were extended to Korea and Vietnam veterans, and are now available to those who serve in peacetime. As a federal stimulus to learning and opportunity, the GI Bill ranks with the Land Grant College Act of 1862, which promoted the growth of the state universities. It is useful to be reminded periodically that federal spending is not always wasteful, and that taxes, to paraphrase the late Justice Oliver Wendell Holmes, can be the agent of civilization.

— THE NEW YORK TIMES

The O. J. Simpson Case

O. J. Simpson has now pleaded not guilty to two counts of first-degree murder in the deaths of his ex-wife, Nicole Brown Simpson, and her friend Ronald Goldman. It is impossible to know how this case will turn out. But that has not stopped anyone from discussing on the allegedly deeper import of the tragedy.

Some of the commentary has been useful. Given Mr. Simpson's earlier no-contest plea to charges of spousal battery against Nicole Simpson, the case opened a constructive discussion about whether spouse abuse charges are dealt with seriously enough and in ways that might protect battered spouses from future harm.

Unfortunately, much of the rest of the discussion is not of that caliber. The trend toward instant analysis has created an even more pernicious parallel industry involving the search for instant meaning. As the slow-motion police chase snaked its way through the Los Angeles freeway system before an audience of millions of Americans, the search for stage theories overwhelmed the facts, since there were so few facts to report.

There was, for example, the assertion that this case showed conclusively how mistaken it was to view athletes as role models. Leave aside that such a statement is premature in an unresolved case. It is entirely true that athletic prowess does not automatically translate into good character. It is also true that role models other than athletes deserve more prominence. But even if Mr. Simpson were found guilty, how would it be possible to go from there to sweeping conclusions about all athletes? How many athletes are arrested for murder? How many more visit schools, encourage kids to study, urge teenagers off drugs?

There was also the implication that Americans really "knew" O. J. Simpson and found the murder charge in utterly shocking contradiction of his character. But only Mr. Simpson's closest friends really "knew" him. They, too, were shocked, but were also the only ones with the grounds for feeling that way. Television viewers only "knew" the brilliant football player and the entirely appealing figure they saw before them in the sports broadcasts. It is said that television creates instant intimacy. It is not said enough that this feeling of intimacy is usually false.

There was much commentary about the implications of the incident for race relations because Mr. Simpson is black and fought his way up from the projects. But why must every incident involving a black man or a black woman be automatically taken as a commentary about race? Must everything be racialized? Mr. Simpson has a right to be judged as an individual.

A rare calm voice in this din was NBC sports announcer Bob Costas, a friend and colleague of Mr. Simpson's who appeared on "Larry King Live" on Monday. Mr. Costas loyally declared that Mr. Simpson was "not just a nice person with a likable exterior, but seemed to be a genuinely good-natured and decent person." But Mr. Costas shied away from the quest for pseudo-profundity and reminded his audience that "regardless of what happens to O. J. ... the victims here are Nicole Brown Simpson and Ronald Goldman and two little children and other family members and the people closest to those directly involved." It was a simple statement, but, unlike so many others made in the past few days, it had the virtue of being unquestionably true.

— THE WASHINGTON POST

Russia and Neighbors: For the Cold War to Stay Settled

By Jim Hoagland

WASHINGTON — No secret about the hook that lops Bill Clinton's summer reading list. As he prepares for a Washington summit with Boris Yeltsin in September, the president will put aside his beloved mysteries to analyze Mr. Yeltsin's recently published memoir and its insights into the Second Russian Revolution.

The White House announced Wednesday that Mr. Yeltsin would travel to Washington in late September after he and Mr. Clinton have appeared at the United Nations General Assembly opening.

In addition to Mr. Yeltsin's "The Struggle for Russia," the president should pack as well two recent magazine articles that provide perspective on a central theme of the Washington summit: Russia's problems in its "near abroad," the former Soviet republics that gained their independence in December 1991.

One article is Stephen Sestanovich's openly sympathetic piece "Giving Russia Its Due," in the summer issue of The National Interest. The other is the sharply anti-Yeltsin article in the June 23 issue of The New York Review of Books written by Tatyana Tolstaya, who teaches Russian literature at Skidmore College. She is overly critical of Mr. Yeltsin's book

and of Mr. Yeltsin himself. Her portrait is that of a power-mad, vengeful buffoon who overthrew Mikhail Gorbachev and "ravaged his kingdom, and deprived him of everything. And became Gorbachev himself. And lost."

That is far too harsh. But she does provide a useful reminder of Mr. Yeltsin's decision to break up the Soviet Union as a way of achieving power in Russia. Mr. Sestanovich skates too quickly past that point in his impressive overview of the 1991 breakup, which he argues "emerged almost fortuitously." Russians remember a more purposeful Yeltsin, and revere or revile him for his role in destroying the Soviet Union.

Mr. Sestanovich, a Reagan White House staffer now at the Carnegie Endowment, frames the big issue, and the stakes, correctly: "Whether the Cold War stays settled seems to depend on whether the Soviet Union stays broken up." He argues that it should and almost certainly will.

He goes on to challenge the view of those like Henry Kissinger and Zbigniew Brzezinski who suggest that Russia is intent on destabilizing and subverting the

independent governments of Eastern Europe and the former Soviet Union.

"Far from exercising (or aspiring to exercise) control" over Eastern Europe, "Moscow in fact has little influence of any kind," Mr. Sestanovich writes. And in the "near abroad," Russian actions and commitments, in contrast to the politicians' rhetoric, are highly tentative. "What is most likely to take shape on the territory of the former Soviet Union is not a restored empire, or a rough copy of the old Soviet bloc, but a Russian sphere of influence" that will not threaten U.S. interests.

Mr. Sestanovich's analysis resonates with me in part because of a conversation he had earlier this month with General Andrei Nikolayev, the commander of Russia's recently reformed Border Guards Service, which serves as "the physical expression of national security and foreign policy on the borders," in General Nikolayev's phrase.

He classified Russia's frontiers with the Baltic states of Estonia, Latvia and Lithuania as having the same legal status as the long established international frontiers of the Soviet Union that Russia inherited — "Finland, Norway, China, Mongolia."

The exact status of Russia's borders with the 11 other former Soviet republics linked

to Russia in the Commonwealth of Independent States is still fluid, General Nikolayev suggested. It is up to those republics whether they desire to have on their territory Border Guards to help protect "the old external frontiers of the Soviet Union."

Five of the 11 — Georgia, Armenia, Tajikistan, Kyrgyzstan and Turkmenistan — want Russian troops. The rest, including Ukraine, "have an awareness of all along their borders the interests of all that CIS are involved." But he stressed that while "we have common security interests, and we are the same people, Russia will work with Ukraine and Belarus as the sovereign, independent states they are."

Americans have rarely benefited from believing Russian generals in the past. But General Nikolayev's assertions seem supported by the facts on the ground, as outlined by Mr. Sestanovich.

"The task confronting U.S. policy is not to turn around a Russian offensive that is already in full swing," as Mr. Kissinger has suggested, "but to make sure that a basically constructive line of policy stays that way," Mr. Sestanovich writes. It is a thought for Bill Clinton to take to the beach with him.

The Washington Post

Beijing's Tiananmen Mentality Augurs Most Ill for Hong Kong

By Martin C. M. Lee

HONG KONG — Tiananmen worked. To judge by comments made by China's top party cadres in connection with the recent anniversary of the 1989 massacre around Tiananmen Square, it was a success. Their historical verdict: "Without the resolute measures taken then, China would not enjoy today's stability."

President Jiang Zemin has declared that "a bad thing has been turned into a good thing." China's triumphant return to the world community on a wave of economic growth, and Beijing's decisive victory in compelling President Bill Clinton to sever the link between human rights and trade, seem to prove his point.

The legions of world leaders who have trooped to Beijing for a piece of the booming China market further bolster Mr. Jiang's argument that "history shows that anything conducive to our national stability is good."

China's Communist leaders have a long history of rewriting history, but Beijing's latest interpretation of the events of June 3 and 4, 1989, has particularly chilling implications for Hong Kong. In a little over 1,000 days, Hong Kong will be part of China; so Beijing's newfound confidence that Tiananmen "worked" casts a long shadow.

Just as democracy demonstrators in Tiananmen Square were not "conducive" to China's national stability, so Hong Kong's free society is now under siege because Beijing is unable to distinguish between the sort of normal activity that takes place in Hong Kong every day and counter-revolutionary activity, which it believes must be crushed.

Hong Kong has changed dramatically in the five years since China opened fire on the demonstrators, and especially since its first democratic elections in 1991. Public rallies and street marches in favor of democratic reform are a part of everyday Hong Kong life. Press conferences, petitions and campaigns, dealing with ev-

erything from human rights to housing costs, are the norm.

Hong Kong's 6 million citizens cherish their civil liberties and are acutely aware that these freedoms do not exist across the border.

During a century and a half of British colonial rule, the people of Hong Kong were denied democratic government. But in 1984, Britain signed the Joint Declaration with China, agreeing to hand over Hong Kong on June 30, 1997. For Hong Kong, the most important part of the treaty was the promise that we, the people of Hong Kong, would have a fully elected legislature and would be allowed to govern ourselves with autonomy in all matters except defense and foreign affairs.

But instead we in Hong Kong increasingly find the long arm of China reaching into our daily lives: Politicians are bullied; there are threats to destroy our

legal system; and Beijing has said that our Bill of Rights will have to be abolished after 1997.

Democratic reform is under attack. And as China's economic might and clout grow, so does its interest in absolute control over Hong Kong. The business community in Hong Kong has been brought to heel with threats to remove Chinese trade, and companies and individuals supporting democratic reform have been targeted for retribution.

Hong Kong is still the freest society in Asia. But as 1997 draws closer, that is changing rapidly. The threatened loss of press freedom and the refusal of the British government to set up important institutions such as a Human Rights Commission mean that Hong Kong is on its way to becoming a human rights tragedy. Our great concern is that while Britain and China will continue

to pay lip service to the Joint Declaration's promise of autonomy and "one country, two systems" — at least until the takeover — in practice, Beijing wants strict control over Hong Kong well before 1997.

A desire for control is certainly behind Beijing's harsh opposition to the modest democratic reforms advanced by the Hong Kong government, Chris Patten, which aimed to broaden the franchise for Hong Kong's last elections under British rule.

Control is also the reason Chinese authorities recently announced that the Hong Kong Legislature and the two lower tiers of elected bodies will be axed when Beijing takes over.

Clearly, China is laying the groundwork for a very different Hong Kong after 1997.

Despite China's dramatic economic gains, the people of Hong Kong recognize that the difference in approach to human

rights and democracy — in combination with a fundamental misunderstanding of the values and practices of a free society — will pose the greatest threat to Hong Kong in the transition to Chinese sovereignty.

Hong Kong has not forgotten Tiananmen Square. As we remember the deaths of our Chinese countrymen, we hope that Britain and China will begin to honor the promises of democracy and autonomy. But we know that so long as China's Communist leadership remains willing to sacrifice freedom on the altar of "national stability," the world may yet commemorate another tragedy: the Hong Kong that once was, but is no more.

The writer, a democratically elected member of Hong Kong's Legislative Council, is chairman of the United Democrats of Hong Kong. He contributed this comment to The Washington Post.

Africans Need a Middle Class, Which Takes Time

By William Pfaff

PARIS — The problem of Africa is very simple. It is not tribalism, poverty or AIDS. It is that in most of Africa there is virtually no educated professional middle class of the kind that makes modern societies and economies work.

This is a problem in developing countries generally, but is particularly acute in Africa, where until the last century society was pre-literate, with economies ranging from the hunting-and-gathering or simple agricultural or pastoral communities, to the advanced trading kingdoms of West Africa. In many respects African societies were also complex and sophisticated, of considerable artistic richness. But in the 19th century they were helpless before the Europeans who colonized them, and brutally destroyed what, until then, they had been.

A century later, in the great wave of anti-imperialism and decolonization after World War II, Africa's societies were launched into independence, with the ambition to become modern nations based on one or the other of the only two political and economic models available to them: the liberal democratic and the state socialist. Nearly all chose the latter. This led to fiasco.

As Conor Cruise O'Brien, a friend of Africa's, has written, African socialism "has no success stories to tell."

Since communism's collapse, Africa's elites have nearly all placed their faith in the democratic and free-market model of development, encouraged to do so by pressures from the World Bank and the IMF. This has pro-

duced mixed economic results, but has provided no solution to the basic political problem that no "civil society" exists of the kind that elsewhere makes democracy function.

In the absence of responsible and politically active middle classes, these countries have mostly experienced arbitrary personal rule, usually based on the dominance of a particular ethnic group, or they have been governed by their armies.

Armies at least have disciplined structures and problem-solving habits, and possess basic administrative and engineering skills. They offer careers to men of action — who sometimes possess few other qualities.

Military problem-solving has consistently turned into military dictatorship, leading to rivalries and coups, and too often to the eventual victory of the cruelest and most ruthless. Hence, the "Emperor" Bokassa, Idi Amin in Uganda and the "revolutionary" — actually, factional — wars that have ravaged Zanzibar, Angola, Liberia, Sudan and Ethiopia.

Even so passionate a friend of African liberation as Basil Davidson, author of more than 20 books on postcolonial Africa, has admitted that conditions today are often worse than they were in 1950.

Thus the Nigerian Nobel Prize laureate, Wole Soyinka, and some Western commentators now challenge the postcolonial taboo on changing Africa's national frontiers, established by the colonial powers in 1885 and only slightly altered since. New borders could be made to coincide with ethnic frontiers. This is an argument we are familiar with from Eastern Europe. Rwanda today, like the former Yugoslavia, demonstrates where it can lead.

Basil Davidson insists that the nation-state is totally artificial in Africa, and that it will be abolished, "participatory structures

within a wide regionalist framework" would take its place. That seems to me entirely sentimental. The dilemma of Africa is that it needs development in order to be able to develop. To build a modern society and modern economy it needs exactly the "civil society" that only generations of development will produce.

The African continent was not allowed to live and change at its own pace, so as to produce its own modernizing elites. Even today, as one Ethiopian intellectual has said, "you have B.C., A.D. and the 21st century" all coexisting, "and in some places, like the southern Sudan and Somalia, it's even more B.C. than it was five years ago because of civil war."

I remarked in a book last year that much of Africa would benefit from a disinterested international neocolonialism that could allow the time, and allocate the resources, for the development of civil society. This was described by a New York Times critic as a "decidedly eccentric" idea, and by Mr. O'Brien as preposterous. However, it is the assumption that lies behind the rather desperate and disorganized international efforts being made to save the Somalis from themselves, and now to prevent Rwanda from accomplishing its own genocide.

However, eccentric or not, it is an irrelevant idea. The advanced world, as we call it, has other things to do than recolonize Africa that demanded, and demands, to be its own master. It has little interest in providing the funds and effort that might deflect the interlinked demographic, economic and health catastrophes that Africa confronts. It is interested in certain African economic resources and raw materials, but it will continue to avert its eyes from the larger tragedy of African political society in the 20th — and 21st — century.

It will also ask, not without cause: what else can it do?

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Carving Session on Wilson's Carpet

Many of the disputes that bedevil the Balkans today have their roots 75 years ago in the Paris peace talks that followed World War I. Harold Nicolson (1886-1968), then a young British diplomat who became a distinguished historian and literary biographer, described the casual, sometimes comic atmosphere of the four-power bargaining that decided new boundaries in his book "Peacemaking 1918."

Excerpts follow. Here is a guide to Mr. Nicolson's abbreviations: A. J. B.: A. J. Balfour, British foreign minister. L. G.: David Lloyd George, British prime minister. O. J.: Orlando, Vittorio Orlando, Italian prime minister. Sonnino: Giorgio Sidney Sonnino, Italian foreign minister. Clemenceau: Georges Clemenceau, French prime minister. P. W.: President Woodrow Wilson.

By Harold Nicolson

MAY 13, Tuesday — Go round to the Rue Nilot. We first go up to A. J. B.'s flat and then down to Lloyd George's. Balfour, the Labor minister attached to our delegation, is there. He is interested in the Adriatic for some odd reason. We then move into the dining room. I spread out my big map on the dinner table and they all gather round.

We are still discussing when the flabby Orlando and the sturdy Sonnino are shown into the dining room. They all sit round the map. The appearance of a pie about to be distributed is thus enhanced. L. G. shows them what he suggests. They ask for Scala Nova as well. "Oh, no!" says L. G. "You can't have that — it's full of Greeks!" He goes on to point out that there are further Greeks at Makri, and a whole wedge of them along the coast toward Alexandretta. "Oh, no," I whisper to him, "there are no many Greeks there."

"But yes," he answers, "don't you see it's colored green?" I then realize that he mistakes my map for an ethnological map, and thinks the green means Greeks instead of valleys, and the brown means Turks instead of mountains. L. G. takes this correction with great good humor. He is as quick as a kingfisher. Meanwhile Orlando and Sonnino chatter to themselves

in Italian. Finally they appear ready to accept a mandate over the Adalia region, but it is not clear whether in return they will abandon Fiume and Rhodes.

We get out the League Covenant regarding Mandates. We observe that this article provides for "the consent and wishes of the people concerned." They find that phrase very amusing. Orlando's white cheeks goggle with laughter and his puffy eyes fill with tears of mirth.

We agree to put it all down on paper. I leave with Balfour. Instead of going upstairs to his own flat he sends for his black hat. "I am coming with you," he says. "To your office." We drive to The Astoria.

A. J. B. is pensive and solemn. I feel that he is profoundly shocked. We got up to my bare office and I send for Miss Stafford. She appears with her pad and pencil prepared to take down. A. J. B. treats her as though she were the Queen of Holland. He then strides about my little room, looking lanky and enormous, suddenly galvanized into a quite different A. J. B., and dictates a memorandum which will undo all that was provisionally decided in L. G.'s dining room.

Then lunch. Go across with L. G. and A. J. B. to President Wilson's house opposite. L. G. sends Balfour away, and I wait in the anteroom reading "The Portrait of Dorian Grey" in a

bound edition fully annotated by Francis de Croisset.

The door opens. A heavily furnished study with my huge map on the carpet. Bending over it (bubble, bubble, toil and trouble) are Clemenceau, L. G. and P. W. They have pulled up armchairs and crouch low over the map. L. G. says — general always — "Now, Nicolson, listen with all your ears." He then proceeds to expound the agreement which they have reached. I make certain minor suggestions. I also point out that they are cutting the Baghdad Railway. This is brushed aside. P. W. says, "And what about the islands?"

"They are," I answer firmly, "Greek islands, Mr. President."

"Then they should go to Greece?"

H. N.: "Rather?" P. W.: "Rather!"

Anyhow I am told to go off and draft resolutions at once. Clemenceau says nothing during all this. He sits at the edge of his chair and leans his two blue-gloved hands down upon the map. More than ever does he look like a gorilla of yellow ivory.

I dash back to the Astoria and dictate resolutions. They work out as follows: (1) Turkey to be driven out of Europe and Armenia. (2) Greece to have the Smyrna-Aivali Zone and a mandate over most of the Vilayet of Aidin. (3) Italy to get a mandate over South Asia Minor from Marmarice to Mersina, plus Kos, (4) France to get the rest. It is immoral and impracticable. But I obey my orders. The Greeks are getting too much.

I take this to [Maurice] Hankey [the British cabinet secretary, who approves and asks me to draft further resolutions providing for the United States accepting a mandate over Armenia and Constantinople. This I do after dinner. Nearly dead with fatigue and indignation.

The New York Times

1894: A Cleaner Seine

PARIS — The debate on the proposal to improve the sanitation of Paris and more especially to purify the Seine by the system of "tout à l'égout," was concluded in the Senate yesterday (June 22). The representatives of the Department of Seine-et-Oise made a gallant struggle against a scheme which will turn the sewage of the capital on to their fields, but the counter proposal of a canal to the sea was promptly rejected, and the Senate carried the Government Bill by 201 votes to 26.

1919: Allied Deadline

PARIS — At seven o'clock this evening (June 23) expires the delay granted to the Germans for their acceptance of the Peace terms of the Allied and Associated Powers. M. Georges Clemenceau, President of the Peace Con-

ference, has told the Germans that their answer must be "Yes" or "No." "In default of such a declaration the Armistice will terminate and the Allied and Associated Powers will take such steps as they think needful to enforce the terms."

1944: Fascists Targeted

ROME — [From our New York edition.] Colonel Charles Poletti, former Governor of New York, gave orders today (June 22) for an immediate "pitiless" purge of Fascists and Fascist collaborators in Rome government agencies. Regardless of how efficient he is, no one who collaborated with the Germans will be retained, said the new commissioner for the Rome area. Receiving seventy journalists in the Rome press, Poletti solicited their aid in exposing Fascists.

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OPINION

One Conservative's Exposé Of Republicans' Big Lie

By E. J. Dionne Jr.

WASHINGTON — Lurking beneath so much of the public cynicism about government is a big lie that has dominated American politics for close to 15 years. The big lie is that the cause of the nation's difficulties, and in particular the reason for the big budget deficits, is the growth of "big government" programs foisted on unwilling voters by nasty forces in Washington.

That is a lie, first, because the bulk of federal spending now goes to programs that are broadly popular and much in demand: Social Security, Medicare and the defense budget. Second, the Republicans who say so insistently that they are against "big government" did little when they controlled the White House to slash the big programs; government spending, including domestic spending, kept on growing.

Listen to a devout conservative named David Frum, formerly of the Wall Street Journal editorial page staff. His forthcoming book, "Dead Right," is shockingly honest about conservative and Republican dissembling about big spending.

"Conservatives have lost their zeal for advocating minimal government not because they have decided that big government is desirable, but because they have wearily concluded that trying to reduce it is hopeless, and that even the task of preventing its further growth will probably exceed their strength," Mr. Frum writes.

Noting that federal spending grew even faster in the 1980s than tax revenues, Mr. Frum goes on to dispel another myth popular with his side: "Conservatives would later airily pin the blame for the spending



that directly contradicted each other. He wanted to bring down the deficit. And he felt he had been elected to spend money to solve problems that Americans were genuinely worried about — to reform welfare, fight crime, guarantee health coverage to all and provide job training. He also said he would cut middle-class taxes.

Virtually all the fights Mr. Woodward describes are battles between representatives of two reasonable points of view: those who said that bringing down the deficit mattered more than anything and those who said that new domestic initiatives mattered more than the deficit. No wonder Mr. Clinton hated deciding between the contending sides.

He suffered from a breakdown of what most Americans thought was an implicit deal they had with the two parties. When they were in a mood to spend money to solve problems, they could vote Democratic. When they were in a mood for fiscal caution, they could vote Republican. But the Republicans fell down on their end of the bargain, so Mr. Clinton was stuck having to work both ends of the equation.

The point here is not to feel sorry for Mr. Clinton. He knew what he was getting into. But if public cynicism about politics is to abate, everybody — but especially Republicans — has to start being straight about big government. If the Republicans want to keep running

against big government, they have to take up Mr. Frum's call to make major cuts even in popular programs like Social Security. If the Republicans are not willing to do that, they should shut up about big government and find new issues.

The truth is unpleasant. If voters want government to help solve social problems, it will cost money — their money. You cannot like what big government does and persist in saying you are against big government. But, hey, it worked for the Republicans for 12 years. Maybe Mr. Woodward's account of the administration would have come out better if Mr. Clinton had tried to pretend for four more.

The Washington Post.

O. J. Simpson as Victim? Kindly Consider Reality

By Bob Herbert

NEW YORK — It's the most exciting and entertaining news story in years. The parade up the highway could have been scripted by Spielberg. Will O. J. get to call his mother? Will he blow his brains out in the back of Al Cowling's Bronco? And what's the latest on the murder weapon? Samurai sword? Entrenching tool? Hunting knife?

Fast-forward to the courtroom drama. Quick, look! Wasn't that just

MEANWHILE

a hint of a smile when they mentioned Nicole's name? Did you notice the gray in his hair? Does he look drugged?

Who can resist as "Ragtime" meets "Dr. Jekyll and Mr. Hyde" on the information superhighway? The folks up there on the overpass say they were swinging towels and chanting "Go, Juice, go!" because they are part of history. Do you hear what they're saying? It's real!

Except, of course, it is not real. Not even close. The real events are off-camera, at a safe psychological distance, thus preserving the entertainment value of a spectacular double homicide.

You want to get a little closer to real? Imagine a crazed and physically powerful man springing upon your mother, slashing and hacking away with a large knife until the main arteries in her neck are gone and her head is nearly severed and the blood is spurting and gushing in all directions.

That's what happened to Nicole Brown Simpson.

Now imagine a similarly savage attack on some young man you know. Imagine his terror in the midst of the attack. Imagine the searing, agonizing pain of his wounds, and his frantic, desperate, blood-drenched and futile struggle to keep from being overpowered and killed. It is not very entertaining.

"I just feel so bad for O. J.," said a New York schoolteacher the other day, echoing the sentiments of thousands, maybe millions.

Spare me. Nothing has yet emerged that points to O. J.'s innocence, and his "woe-is-me" strategy.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

his maudlin and contrived effort to present himself as some kind of victim, is disgusting.

Suicide? Is that the reaction one would expect from a tough-as-nails athlete unjustly accused of his ex-wife's murder? Or would a more likely response be the marshaling of all his energy and resources for the crucial task of finding the ultimate exculpatory evidence — the real killer?

In O. J. Simpson's so-called suicide note there was no reference to catching whoever was responsible for the murders, just self-pitying comments like: "I can't go on. No matter what the outcome, people will look and point. I can't take that. I can't subject my children to that."

Get a grip.

In no sense has this so-called hero taken responsibility for any of his actions. If you go by the text of the note, it is not even clear who was doing the punching in the clashes between Mr. and Mrs. Simpson.

"At times," said O. J., "I have felt like a battered husband or boyfriend, but I loved her."

O. J. may have felt battered, but somehow it was Nicole who got to wear the black eyes and the bruises. And it is Nicole who is now buried in a California cemetery.

"Be a man," said the sportscaster Jim Hill, a former football player who urged O. J. to surrender Friday and "face the situation."

It was good advice but it probably came too late. The Juice needed that kind of counsel back in 1977 when, with his first wife pregnant with their third child, he left her for Nicole Brown, then 18.

Being a man was not something that Orenthal James Simpson knew a lot about. And stardom never made him any wiser. His ego remained as fragile as his legs were strong.

Like all young children who lose their mothers, O. J. Simpson's two youngest kids will wonder — no matter what they have been told — when she is coming back. And their long process of denial and grief will be hideously complicated by the gradual realization of what happened to her.

That, too, will be played out off-camera. The "live" television version of the O. J. Simpson drama is a strange and thrilling combination of technological magic, mass projection and collective hypnosis. It is profoundly intoxicating, but it is not real. If it were real we could not bear to watch.

The New York Times.

LETTERS TO THE EDITOR

A Message to North Korea

"But Why So Much Ado About Kim Il Sung?" (Opinion, June 16) by William Pfaff:

I must disagree with Mr. Pfaff's assertion that the situation in North Korea does not merit the attention it is receiving. There is a strong precedent to be set here by the United States. If it adopts a policy employing both "carrots" and "sticks," it can show North Korea and other nuclear hopefuls that not only is there much to gain if they remain part of the Nuclear Nonproliferation Treaty, such as diplomatic recognition and increased trade, but that they will suffer tremendously if

they insist on challenging the West on this issue. Sanctions are certainly not the final answer, but they are a good way to send the message that the United States will not accept the possibility of the so-called rogue regimes possessing a nuclear arsenal.

Students of the Cold War will recall that trying to guess the intentions of a hostile power is a tricky business. The safest policy is to limit the capabilities of these governments to threaten international peace.

CHRISTOPHER WHELAN, Blandford, England.

Several key questions remain unanswered after former President Jimmy

Carter's visit to North Korea: If the North's nuclear program is peaceful — and it is not clear why even a peaceful program is needed — why were the fuel rods pulled without supervision and why has access to waste sites been denied? The North Koreans could have received U.S. recognition, aid and trading privileges months ago; why, instead, did they push the peninsula to the brink of war? Will North Korea abandon its goal of forcibly uniting the peninsula?

Only an accurate understanding of the North's motives will allow South Korea and the West to develop a safe and appropriate response. If Mr. Carter's visit has contributed to this understanding, then it should be applauded. But if the visit only serves to muddy the

waters and blunts the international community's resolve, Jimmy Carter risks becoming a modern-day Chamberlain.

DAVID BLOOM, Seoul.

The Trib More Clearly

Just as I was about to break down and ask my optometrist to prescribe bifocals so that I could comfortably read the morning news, you have rescued me by increasing, fractionally, the size of the print. Thanks for delaying the onset of middle age for a few more years.

PHILIP A. RAKITA, Tokyo.

Women and the Church

Regarding "Cardinals Dive Into the Population Fray" (June 15):

Nobody doubts that women's reproductive health and rights are new concepts to the Vatican, but it is egregiously hypocritical for Cardinal John O'Connor of New York to complain of "cultural imperialism" while the Church tries to impose its dogma on billions of women, most of whom are not even Catholic, and none of whom is allowed into the decision-making hierarchy.

JAN KIRTLEY, Zurich.

BOOKS

THE RUSSIAN GIRL

By Kingsley Amis. 296 pages. \$22.95. Viking.

Reviewed by Michiko Kakutani

ONE of Kingsley Amis's put-upon heroes once remarked, "Women were like the Russians — if you did exactly what they wanted all the time you were being realistic and constructive and promoting the cause of peace, and if you ever stood up to them you were resorting to Cold War tactics and pursuing imperialistic designs and interfering in their internal affairs."

The Cold War is over now, but Amis's latest hero, Richard Vaisey, has more than his share of problems with women and Russians. In particular, he has problems with a certain Russian woman named Anna who succeeds in turning his peaceful, if somewhat dreary, life completely upside down.

As readers of "The Russian Girl," Amis's rambling new novel, will quickly learn, Richard is the resident curmudgeon on the staff of the London Institute of Slavonic Studies. In the increasingly multicultural, politically correct world of academia, Richard is regarded as an uptight elitist, a stickler for

WHAT THEY'RE READING

• Quentin Crewe, English writer, adventurer and gastronomic expert, has just finished "Aristocrats" by Stella Tillyard. "This is a fascinating story of the four granddaughters of King Charles II and Louise de Keroualle. It reads like an epic by a romantic novelist, unput-downable, though riddled with schoolboy howlers." (John Brunton, IHT)



standards and a defender of tradition.

"He was a bloody professor, an academic, a Ph.D. a man of books and commentaries and capable of interest only in them," writes Amis, "but he had gone all these years thinking he was not, could not have been, because he happened to be a handy bastard as well."

Richard's idea of a perfect day is a couple of lectures and a seminar in the morning, some sex in the afternoon, followed "by a catching-up on linguistic studies, a solitary dinner with a learned journal by his plate and a quiet evening trying out a possible new line on Father Zosima's stuff in 'The Brothers Karamazov,' with half an hour on Lermontov before retiring."

Richard's fondness for sex has already gotten him into trouble: a marriage with the beautiful and cunning Cordelia, a woman of quite remarkable hypocrisy, who is regarded by Richard's friends as a conniving monster.

Over the years, Richard has more or less learned to ignore Cordelia's less appealing traits: He's got his work, after all and, besides, he has rather learned to enjoy the comforts of life purchased with Cordelia's money.

One day there strolls into Richard's calm, spiritually attenuated life another beautiful woman, a Russian poet named Anna Danilova, who wants, indeed requires, his help. She wants Richard to help her achieve recognition as a poet in the West, so that she might use her fame to help get her brother out of a Moscow jail.

Richard isn't entirely clear whether the brother is a political prisoner or a common thief, but he's so smitten with Anna that he doesn't bother to ask many questions. Before he knows it, he's collecting the signatures of important people on a petition, attesting to Anna's eminence as a poet and her plight as a wrongly accused prisoner in Russia.

As Richard's romance with Anna snowballs swiftly into love, he finds his tidy life flying apart at the seams. In the first place, there's the problem of breaking the news to Cordelia, an act certain to have all sorts of nasty repercussions.

Like so many Amis heroes — from Jim Dixon in "Lucky Jim" to Patrick Standish in "Difficulties With Girls" — Richard is a feckless sort of fellow, self-absorbed, self-deluded, out for the main chance.

He has a hard time feeling much for others, and when he finally does fall for Anna, he's got to second-guess his emotions by wondering how the romance will affect his literary reputation and his standard of living.

It would be easy to detect poor Richard, but Amis uses his comic talents to turn him into an oddly endearing buffoon. We can identify with his bumbling attempts to contain the burgeoning chaos in his life, even as we begin to sympathize with his flailing efforts to examine his emotionally shattered life.

As for the sprawling supporting cast of "The Russian Girl," it's an amusingly antic lot: from the language-mangling Cordelia to the Caribbeesque Anna, from an assimilation-mad Russian named Kotolyov to an uncommonly well-connected friend of Richard's named Crispin.

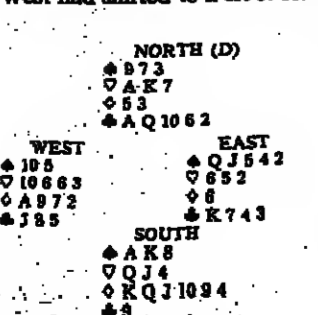
Although "The Russian Girl" lacks the emotion and depth of Amis's 1987 novel "The Old Devils," it remains a highly entertaining performance: a wild, funny, wholly diverting romp of a book.

Michiko Kakutani is on the staff of The New York Times.

BRIDGE

By Alan Truscott

ON the diagrammed deal South drove to a borderline six-diamond contract, using a Gerber ace-inquiry when his partner rebid two no-trump. South won the opening hand lead in his hand and drove out the diamond ace. He would have been put to a severe test if West had shifted to a club. Re-



Both sides were vulnerable. The bidding: North ♠ Pass, ♥ Pass, ♦ Pass, ♣ Pass. South ♠ Pass, ♥ Pass, ♦ Pass, ♣ Pass. West ♠ Pass, ♥ Pass, ♦ Pass, ♣ Pass. East ♠ Pass, ♥ Pass, ♦ Pass, ♣ Pass.

South cashed the heart ace, and East threw a club. After taking two spade winners, South guessed to play to the club ace. His team gained 12 rps and won the match by 2.

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Italy	Lira 500,000	275,000	150,000	
Luxembourg	L. Fr. 14,000	7,700	4,200	
Netherlands	Fl. 770	420	230	
Norway	N.Nr. 3,500	1,900	1,050	
Portugal	Esc. 47,000	26,000	14,000	
Spain	Ptas. 48,000	26,500	14,500	
Sweden (incl. mail)	Skr. 55,000	27,500	14,500	
Switzerland	S.Fr. 3,100	1,700	900	
Switzerland (incl. mail)	S.Fr. 3,500	1,900	1,000	
United Kingdom	£ 610	335	185	
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Feminists Scrutinize Darwinism

By Natalie Angier
New York Times Service

ATHERS, Georgia — If there is any merit to F. Scott Fitzgerald's familiar observation that the mark of a first-rate intelligence is the ability to hold two contradictory ideas in your head without cracking up, then there were a lot of very sane prodigies walking the halls of the University of Georgia last week.

They were the participants in an unusual scientific conference called "Evolutionary Biology and Feminism," two terms that the meeting's organizer said had never before been paired under a single symposium rubric.

And small wonder, for the disciplines have often been at loggerheads. Many feminists have eyed certain aspects of Darwinian thought with deep suspicion, particularly when evolutionary explanations have been marshaled to explain human characteristics like the inequality of the sexes in most cultures around the world, or boys' supposed superiority over girls in mathematics. To many feminists, the relentless search for an innate basis to complex human behaviors smacks of a quest for easy answers — and handy excuses for the status quo.

For their part, evolutionary scientists, like researchers in other fields, cherish the notion that science at its best is dispassionate and as free as possible of prejudices. They fear that those who approach their work from a feminist or any other ideological perspective are bound to seek out in nature only what they wish to find, and to reject observations that disturb their political cosmology.

But for two days last week, top-flight biologists of both sexes who happen to be, in most cases, avowed feminists or sympathetic to the cause, put aside their qualms about labels and asked the sort of questions that scientists normally shun.



They asked whether modern evolutionary theory has helped, hindered or made no difference at all to feminism, which is one of the scientists' quest for equality and elbow room.

Conversely, they wondered whether feminist thinking has helped or obstructed biologists' efforts to understand the mechanisms of nature — human or otherwise.

Dr. Patricia Adair Gowaty of the University of Georgia, the organizer of the conference and a field biologist known for her groundbreaking studies of infidelity among supposedly monogamous birds, said she put the meeting together because feminism and evolutionary theory were the two dominant intellectual themes in her life, and she wanted to try collating them in some way.

"There's a pejorative meaning to the term feminist evolutionist," she told the audience. "Some of you may fear that you'll be seen as doing science in the interest of politics, rather than for science's

sake. My defense to that has always been, I do science for science's sake, but being aware of the biases I have I believe makes me a better scientist."

With few exceptions, the scientists did not come to denounce modern evolutionary biology. To the contrary, many expressed a healthy respect for the power of Darwinian thought as a framework for interpreting the behaviors and motivations of all creatures, including humans. They accepted that organisms inherit a complex mix of physical, behavioral and social characteristics, some of them useful for survival, others for attracting a mate, still others for nurturing offspring; and they believed it a noble goal to explore how and why a particular trait has evolved.

Because most of the participants were both scientifically mainstream and open to feminism, there were few verbal fireworks at the meeting, no blistering charges of sexism or fascism, no buckets of water dumped on anybody's head (as happened during at least one highly politicized biology meeting in the past).

Nevertheless, the scientists did denounce the ways in which evolutionary biology has been used against women. They criticized many of the comparisons that have been made between the behaviors of humans and those of apes, lions, pigeons, scorpions or flies, comparisons that often seemed to confirm stereotypes about femininity and masculinity.

Dr. Zuleyma Tang-Martinez of the University of Missouri pointed out that a number of evolutionary biologists have sought to understand innate human tendencies by looking at gorillas and chimpanzees, where the males are dominant and quite aggressive toward females; but such researchers could as easily choose to look at other primates, like lemurs and bonobos, where male aggression toward females is low. "Why do we assume that male aggression is the primate norm, while nonaggression must be explained as the exception to the rule?" Dr. Tang-Martinez asked.

Fashions of Those Times

The garments and accoutrements of the 5,300-year-old body found in the Alps suggest he wore the equivalent of L.L. Bean cold-weather gear and was well equipped to pursue an outdoor life. His layers of garments provided good insulation for feet, head and body; instead of a Swiss army knife, he had lint and copper tools and fire-starting equipment.

Bow

An unfinished six-foot long bow

Coat

Possibly sleeveless, made of alternating strips of different colored deer skins.

Birch bark container

Leather belt

Doubled as a waist pouch; held a flint scraper, flint awl, small flint flake and fungus used as tinder.

Leather loincloth

Leather garter

Skin leggings

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AG Group and N.V. AMEV will be named Fortis AG and Fortis AMEV. What will that change?

Everything.

— **The names, of course.** And that's a symbol of a fundamental change. Fortis was created by its parent companies - N.V. AMEV from the Netherlands and AG Group from Belgium - to build a strong international insurance and banking group.

— **The names of the shares.** AG shares become Fortis AG shares and AMEV shares, Fortis AMEV. Now, investors and shareholders will follow Fortis AG share quotations in Brussels and Fortis AMEV share quotations in Amsterdam that reflect the value and success of all the companies within Fortis.

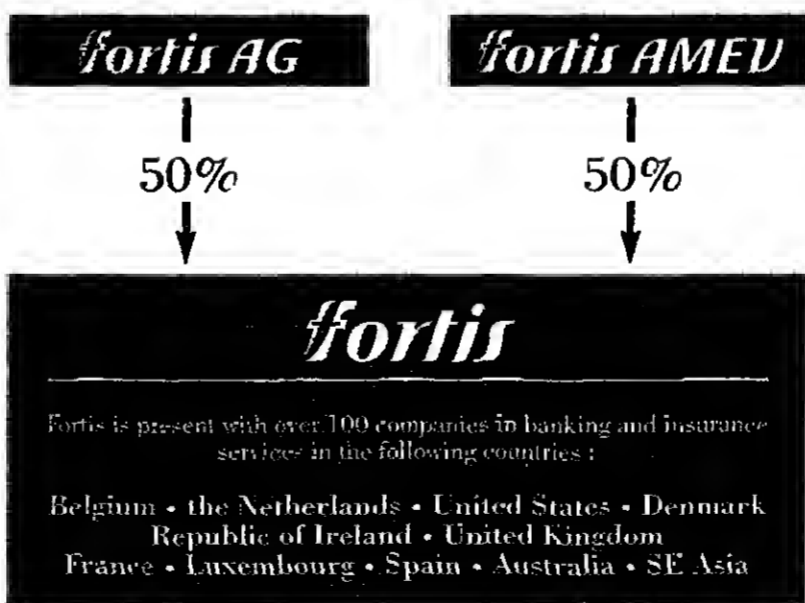
— **A clear corporate structure.** Through a better identification with Fortis, further confusion will be avoided with "AG 1824" in Belgium and "AMEV Nederland" in the Netherlands, both major insurance companies in their home countries. Next to these two companies, there are more than 100 other companies on four continents sharing a vision for the future that will benefit clients, investors and personnel. The name of this vision? Fortis.

And nothing.

— **Each Fortis company remains the same.** They retain their own identity, their own products and services. In every country, their individual brand names and logos will maintain a strong presence on the market as they continue to build their reputation for excellence.

— **Our service remains the same.** Brokers and other professionals will continue to work with local Fortis companies whose quality products and services they have come to rely on. Clients will perceive no change whatsoever in their individual accounts or policies: whether they are with AG 1824, AMEV Nederland, VSB Bank, ASLK-CGER, Fortis in the United States or any other company of the group.

— **The challenge remains the same.** Now, more than ever, each company within Fortis will continue to strive to play a leading role in its own market. And the 32,000 people worldwide who take on that challenge every day at local level, will know that they are part of a wider, international family. Its name? Fortis.



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BUSINESS

International Herald Tribune, Thursday, June 23, 1994

Cash-Rich Taiwan Now Seeks Economic Influence

By Kevin Murphy
International Herald Tribune

TAIPEI — Having amassed \$87 billion in foreign reserves within a few decades, the world's second-largest hoard of hard currency, Taiwan's national piggy bank is the envy of economies everywhere.

But the time has come to liberalize Taiwan's influential financial system and put those massive funds to better, more potent use, according to the country's new central bank chief, Liang Kuo-shu.

In an interview, Mr. Liang, 63, outlined an array of policy changes that mark a turning point in official thinking as an increasingly democratic Taiwan seeks a higher profile in international affairs and greater economic clout in Asia.

His comments reflect that a pragmatic generation of senior officials, like Mr. Liang himself, will now attempt to turn Taipei's accumulated wealth toward serving an ambitious agenda that includes emerging from China's large shadow.

"This money can be utilized if it is helpful to restructure the economy and upgrade our technology," said Mr. Liang, recently appointed governor of the Central Bank of China, one of Taiwan's most powerful jobs.

"We already designated \$10 billion that can be used," he said, adding: "This can be increased." Notably, Mr. Liang says that more should be done to help Taiwan businesses expand overseas. They have become a major investment force throughout Asia in recent years.

More flexibility on the ultimate use for funds hard-won by Taiwan in building a manufacturing powerhouse, and the world's 14th-largest trading economy is typical of the changes bankers and analysts anticipate during Mr. Liang's tenure.

In contrast to his predecessor, Samuel Shieh, Mr. Liang appears sanguine about the danger posed to his country's monetary stability by large, largely unauthorized Taiwan investment in mainland China.

"This kind of trend cannot be stopped by the government interference. Of course, we must make it clear what kind of risks investors face in China," Mr. Liang said. "We are not encouraging them, but with more liberalization being carried out, we cannot stop them."

Previously an outspoken chairman of government-owned Chiao Tung Bank, a professor and a senior policy adviser, Mr. Liang also pledged to bring as many changes to Taiwan's restrictive financial system as possible "without affecting macrostability."

"There is a great deal of talk about developing Taipei as a regional financial center," he said. "This has been a government target or slogan for many years, but we need to do more now. Talk alone will not create confidence that we are serious about this."

Because of its fear of interference by China and its dependence on exports for growth and development, Taiwan has traditionally maintained a financial regime far more conservative than many of its neighbors and has carefully squirreled away its foreign reserves.

As part of its bid to join the General Agreement on Tariffs and Trade and shift its economy away from labor-intensive manufacturing, Taiwan has given new importance to opening its economy. Financial liberalization will be the key to Taiwan's new assertiveness.

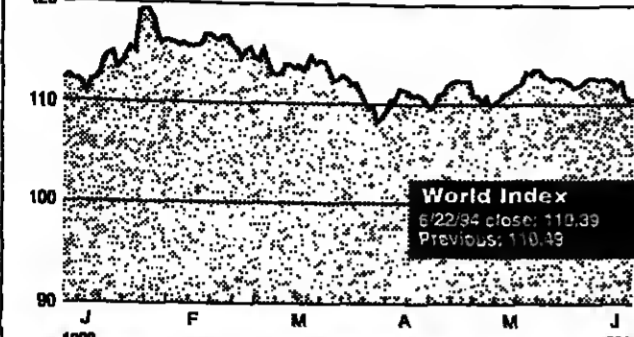
"Taiwan today wants its voice to be heard. It wants to be a player, and it knows the thing to back it up is its financial strength," said Carl Chien, a Taiwan-born banker and director with Brown Brothers Harriman (Hong Kong) Ltd.

"At this critical point in Taiwan's financial liberalization, Mr. Liang is definitely the right man for the job; he has the academic background and real

See TAIWAN, Page 13

THE TRIB INDEX: 110.39

International Herald Tribune World Stock Index, composed of 250 internationally investable stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



Approx. weighting: 32% Asia/Pacific, 37% Europe, 28% North America, 5% Latin America.

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3i Initial Offering Is Snapped Up Fast

Compiled by Our Staff From Dispatches

LONDON — In one of the biggest initial share sales on the London Stock Exchange this decade, 3i Group PLC sold shares Wednesday that value Europe's biggest venture capital company at £1.58 billion (\$2 billion).

After a huge marketing campaign, 3i priced the issue at 272 pence a share, a 15.5 percent discount to net assets of 314.4 pence.

The flotation catapulted 3i to a place among Britain's top companies, giving it a market capitalization rivaling that of Asda Group PLC, NCF PLC and S.G. Warburg Group PLC.

Both institutional investors and individuals oversubscribed the offering, prompting 3i's owners — until now the Bank of England and six leading British banks — to sell 45 percent of the company rather than 40 percent as planned.

In all, 3i — whose unusual name is based on its old appellation, Investors in Industry — sold 261.6 million shares, for the first time enabling people to invest in the 3,400 small, unlisted European companies that 3i finances. Shares in 3i will start

trading on the London Stock Exchange on July 18.

Analysts said 3i was a good buy, as long as investors were not expecting a quick rise in the price.

(Reuters, Bloomberg)

Shares of Eurotunnel rallied in Paris and London on Wednesday as its £816 million rights issue came to a close, Bloomberg Business News reported from Paris.

The stock in the Channel tunnel concern had fallen steadily since the recapitalization was announced on May 26, raising the possibility that banks and construction companies backing the sale would have to step in to ensure that the project's financial lifeblood was not cut.

Eurotunnel PLC closed in London at £2.81, up 2 pence from Tuesday, while Eurotunnel SA closed in Paris at 25 French francs (\$4.56), up 1.15.

A Eurotunnel spokeswoman said the company expected to be more able to judge the success of the rights issue on Thursday.

Singapore Air Makes \$10 Billion Buy

By Michael Richardson
International Herald Tribune

SINGAPORE — Taking advantage of a depressed aircraft market to lock manufacturers into low prices, Singapore Airlines said Wednesday that it had ordered 52 airliners worth \$10.3 billion, splitting the huge purchase between Boeing Co. of the United States and Europe's Airbus Industrie.

The order, the largest ever by the airline, "is an expression of our faith in the long-term health of the aviation industry and the promising future of SIA," said Cheong Cheong Kong, the company's managing director.

The purchase includes 11 long-range Boeing 747-400s, with an option for 11 more, and 10 extended-range Airbus A340-300Es, with an option for 20 more.

Although the orders were expected, they present an enormous boon for both Boeing and Airbus in a weak market where cancellations have been many and firm orders few.

Singapore Airlines said that it had the flexibility to convert its options with both manufacturers to shorter-range aircraft for use mainly on routes in the Asia-Pacific region, where traffic has been growing faster than any other region of the world in recent years.

In the case of Boeing, the conversion would be to any one of three B-777 models; and for Airbus, to A-330s or A-340-200s.

The new Singapore Airlines deal with the world's two leading airframe makers supersedes options to buy placed with them by the company several years ago, when sale prices were considerably higher in a buoyant market, for 15 Boeing 747-400s and 13 A-340s.

J. Y. Pillay, Singapore Airlines' chairman, said that by "in effect" canceling the previous options and having the two manufacturers bid competitively for a large order, the airline had gained "substantial discounts" in prices.

He said that the competition between Boeing and Airbus for the new options order was "still wide open."

Airbus said the order for A-340s, in addition to seven outstanding orders, made Singapore Airlines the largest customer for its year-old four-engine aircraft.

The third wide-body plane maker, Douglas Aircraft Co. of the United States, a unit of McDonnell Douglas Corp., was not invited to bid for the latest Singapore Airlines order.

In 1991, Singapore Airlines canceled a plan to buy 20 McDonnell Douglas MD-11 aircraft for \$3.1 billion, saying that the plane had failed to meet a long-haul payload demand set by the airline.

Singapore Airlines announced that instead it was placing a firm order for seven Airbus 340-300s and options for 13 more, worth \$3.4 billion.

Singapore Airlines said Wednesday that assuming all options were taken up, it would have a fleet of 111 planes by 2003, up from 63 at present.

Such a fleet would consist of Boeing 747-400s, A-340-300s, A310-300s and "possibly a fourth aircraft type to be introduced for regional operations," the company said.

"This is counter-cyclical buying when the manufacturers are at their most vulnerable," said Colin Gibson, publisher and executive editor of Asian Aviation magazine. "SIA has taken advantage of the weak market to lock in low prices."

During the recession in the global aviation industry in the past few years, Singapore Airlines was one of the few carriers to remain profitable.

But its profit slipped in the past two years, with group net earnings down 5.8 percent to 801 million Singapore dollars (\$525 million) in the year to March.

Vietnam Drills for Oil in Block Claimed by China

International Herald Tribune

SINGAPORE — In a new escalation of a dispute that could cause serious instability in Southeast Asia, Vietnam has started drilling for oil in a section of the South China Sea that China plans to develop this year, oil company executives and industry analysts said Wednesday.

By sending its drilling rig into an area already awarded by Beijing to an American company, Crestone Energy Corp. of Denver, Vietnam may prompt China to take retaliatory action.

Analysts said such action could include sending a Chinese oil exploration vessel under Chinese naval escort to drill in an adjacent section of the South China Sea awarded by Vietnam to a group of Western and Japanese companies led by Mobil Corp. of the United States.

Beijing last month called the Mobil contract illegal, saying it encroached on China's sovereignty.

While neither Vietnam nor China has specifically confirmed the presence of the Vietnamese rig in the 25,155-square-kilometer (5,076-square-mile) Crestone contract area, strongly worded statements by China last Thursday and Vietnam on Friday indicate that a serious conflict is brewing.

Shen Guofang, spokesman for the Chinese Foreign Ministry in Beijing, said that actions of the Vietnamese government had placed in jeopardy a contract between the China National Offshore Oil Corp. and Crestone to develop a block near the disputed Spratly Islands in the South China Sea.

He said the Chinese government "demands that the Vietnamese government, proceeding from the overall interests of maintaining and developing bilateral relations and preserving peace and stability in that region," stop its "acts of infringing on China's sovereignty."

Oil company executives recently in Vietnam said Wednesday that a rig belonging to Vietnam's state oil company, Petrovietnam, was working on the Vanguard Bank, a relatively shallow part in the southwest corner of the Crestone block.

They said the rig was either drilling for oil or for rock samples as a prelude to future oil drilling.

Crestone recently announced that it had completed seismic survey work in its contract area and would begin drilling late this year or early in 1995.

An oil discovery about 120 kilometers off Vietnam's southern coast that was announced Monday by Mitsubishi Oil Co. of Japan has highlighted the potential for finding oil and gas in the South China Sea.

According to Mitsubishi, tests indicate that the find could become one of Southeast Asia's most productive fields.

Both Vietnam and China need to increase their oil and gas reserves to fuel ambitious economic reform programs and earn export income.

Vietnam calls the area in which the Crestone block is located the Tu Chinh region and asserts that it is an integral part of Vietnam's economic zone and continental shelf.

In a statement Friday, the Vietnamese Foreign Ministry in Hanoi said that Vietnam often "conducts normal activities for exploration and exploitation of natural resources in the Tu Chinh region, and that is fully in line with international law."

—MICHAEL RICHARDSON

INTERNATIONAL MANAGER

Nestlé Struggles to Pump Up Perrier

By Jacques Neher
International Herald Tribune

PARIS — Two years after capturing Perrier in a bitter takeover battle, Nestlé SA is still struggling to restore sparkle to the brand, tainted by a worldwide product recall in 1990 after traces of benzene were discovered in the water.

Although it is still one of the world's most recognized brands, Perrier, in its distinctive green bowling-pin bottle, has not been able to recover customers lost after the recall, particularly in the United States, where it was the yuppie drink of preference during the '80s.

Nestlé, which bested Italy's Agnelli family by bidding 15.3 billion French francs (\$3 billion) for Source Perrier SA, is pursuing plans to lay off 600 workers in Vergeze, in the south of France. The bottling plant is operating at less than half its 1.6 billion bottle-per-year capacity while it works down several months of unsold stocks. Sales in 1993 were flat at around 1.3 billion francs.

The problem, contends Serge Milhaud, head of the company's Paris-based mineral water division, is one of trends and competition rather than the lingering effects of the recall, ordered after traces of benzene, a cancer-causing agent, were detected in U.S. laboratory tests. At the time, the contamination was blamed on a filter that had not been replaced at the bottling plant.

"Perrier was too much a product of fashion and status, a drink for the golden

boys and yuppies. That epoch is over," Mr. Milhaud said, adding that since the recall, store shelves and restaurants have been flooded with a variety of "New Age" beverages such as flavored teas, exotic fruit juices and clear colas. "Though still the leading sparkling water, Perrier now is one of 700 brands on the market."

While analysts agree, they also suggest the product recall has played — and continues to play — a significant role in the brand's failure to bounce back. The recall, they said, put doubt in consumers' minds about the "purity" of the water — one of its primary selling points.

"I don't think the product will ever be able to get its former sales back," said Edouard de Boisjean, analyst with Merrill Lynch in London. "In the United

States, consumers have a long memory." In 1993, Perrier brand sales in the United States came to \$59 million, a slight increase over 1992 but still a shadow of the \$118 million generated by the brand in 1988. The U.S. market accounts for about 20 percent of the brand's worldwide sales.

Mr. Milhaud agrees that the American market remains a question mark for the brand and says that he has not yet come to any decision about the wisdom of attempting a major product relaunch. But he is dabbling with some approaches. This spring, for example, the company is testing a "designer" image by supplying restaurants with bottles decorated with original contemporary art designs.

In France, Perrier has suffered not from the recall but from a string of cool summers and a recession, which caused consumers to switch to much cheaper store brands. To pull it out of the slump, Nestlé will be spending 75 million francs this summer on a sure-to-be-noticed French ad campaign that associates violent images with "the violence of a Perrier."

In the meantime, Nestlé is trying to boost sales in markets unaware of or unconcerned about the recall, in particular Hong Kong, Singapore and Thailand. Despite its problems in turning around Perrier, Nestlé's thirst for the bottled water business remains unquenched. In fact, that brand now represents only 10 percent of Nestlé's entire water business, which in 1993 dispensed

See PERRIER, Page 12

CURRENCY & INTEREST RATES

Cross Rates									
	US\$	DM	FF	Yen	GBP	HK\$	S\$	NT\$	Other
Australian	1.365	1.325	1.325	1.325	1.325	1.325	1.325	1.325	1.325
Belgian	1.365	1.325	1.325	1.325	1.325	1.325	1.325	1.325	1.325
British	1.365	1.325	1.325	1.325	1.325	1.325	1.325	1.325	1.325
Canadian	1.365	1.325	1.325	1.325	1.325	1.325	1.325	1.325	1.325
French	1.365	1.325	1.325	1.325	1.325	1.325	1.325	1.325	1.325
German	1.365	1.325	1.325	1.325	1.325	1.325	1.325	1.325	1.325
Italian	1.365	1.325	1.325	1.325	1.325	1.325	1.325	1.325	1.325
Japanese	1.365	1.325	1.325	1.325	1.325	1.325	1.325	1.325	1.325
Spanish	1.365	1.325	1.325	1.325	1.325	1.325	1.325	1.325	1.325
Swiss	1.365	1.325	1.325	1.325	1.325	1.325	1.325	1.325	1.325
Thai	1.365	1.325	1.325	1.325	1.325	1.325	1.325	1.325	1.325
US Dollar	1.365	1.325	1.325	1.325	1.325	1.325	1.325	1.325	1.325
Yen	1.365	1.325	1.325	1.325	1.325	1.325	1.325	1.325	1.325
Other	1.365	1.325	1.325	1.325	1.325	1.325	1.325	1.325	1.325

Eurocurrency Deposits									
	1 month	3 months	6 months	9 months	12 months	18 months	24 months	36 months	48 months
London	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Frankfurt	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Paris	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Brussels	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Amsterdam	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Geneva	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Basel	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Madrid	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Barcelona	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Valencia	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%

Key Money Rates									
	1 month	3 months	6 months	9 months	12 months	18 months	24 months	36 months	48 months
London	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Frankfurt	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Paris	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Brussels	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Amsterdam	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Geneva	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Basel	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Madrid	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Barcelona	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Valencia	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%

Forward Rates									
	1 month	3 months	6 months	9 months	12 months	18 months	24 months	36 months	48 months
London	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Frankfurt	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Paris	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Brussels	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Amsterdam	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Geneva	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Basel	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Madrid	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Barcelona	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Valencia	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%

Fidelity Admits Giving Wrong Fund Prices

By Floyd Norris
New York Times Service

NEW YORK — Fidelity Investments, the largest mutual fund company in the United States, provided incorrect information on the value of its funds last week, causing newspapers to report that the most widely used funds did substantially better than they actually did.

A Fidelity spokeswoman, Constance Hubbell, said late Tuesday that the fund management company had not been able to calculate the value of 166 funds on Friday because of a computer problem.

Rather than simply admit the problem, she said, Fidelity chose to report to the National Association of Securities Dealers that nearly all of its funds had not changed in value Friday, a valuable day in American financial markets.

Ms. Hubbell first defended that decision and said Fidelity had done it at least once before, during the 1980s. But late Tuesday, after being told that a spokesman for the securities dealers' association said such an action would be a violation of its rules, she said she had been misinformed by other Fidelity executives regarding the company's policies.

"A manager made a very wrong decision," she said. "It will never happen again."

Robert Pozen, the general counsel of Fidelity, said late Tuesday that the fund management company had not been able to calculate the value of 166 funds on Friday because of a computer problem.

MARKET DIARY

Stabilizing Dollar Gives Wall Street Breathing Space

NEW YORK — A stabilization in the dollar on Wednesday spurred a rally in Treasury bond prices and helped the stock market to its first gains in three days.

The price of the benchmark 30-year U.S. Treasury bond jumped 1 1/32 point, to 86 1/2, taking the yield to 7.39 percent, down from 7.49 percent Tuesday.

The Dow Jones industrial average rose 16.80 points, to

U.S. Stocks

3,724.77, rebounding from a three-day sell-off that took more than 100 points from the blue-chip index. Gaining issues outnumbered losing ones by a 4-to-3 ratio on the New York Stock Exchange.

"Everyone sighed a bit of relief that the dollar stopped declining," said Brett Discher, vice president of equity trading at Dain Bosworth in Minneapolis. "A weak dollar makes foreign goods more expensive in the United States, which can result in higher prices and rising inflation. A weak currency also erodes confidence in dollar-denominated assets, encouraging foreign investors to repatriate their capital or find other investments."

But comments Wednesday from Treasury Secretary Lloyd Bentsen were interpreted by traders as meaning the government would not allow the dollar to fall any further.

Bonds, which lose value when inflation rises, gained as the dollar rebounded. The dollar finished in New York at 1.654 Deutsche marks, up from 1.594 DM Tuesday, and at 101,000 yen, up from 100,335 yen.

Analysts said the markets also were cheered by congressional testimony by Alan Greenspan, chairman of the Federal Reserve Board. In his prepared testimony to the House Budget Committee, Mr. Greenspan called the country's economic outlook the brightest in decades.

The Dow was paced by gains in Boeing and Coca-Cola. Boeing rose 1 1/2 to 48 1/2, getting a lift from Singapore Airlines' orders for new jets worth a minimum \$1.65 billion and possibly as much as \$4.9 billion.

PepsiCo rose 1/4 to 31 1/2 and Coca-Cola gained 1/4 to 40 1/2 in active trading, possibly on a fa-

vorable recommendation by S.G. Warburg.

General Electric was the most actively traded U.S. stock, falling 1/4 to 45 1/2 after the resignation of Michael Carpenter as chairman and chief executive of its Kidder Peabody brokerage unit.

Philip Morris continued to gain after a management shake-up this week, rising 1/2 to 52 1/2 in active trading. The company's new chief executive said a split of the company's food and tobacco operations was unlikely, but that an expansion of the company's stock buyback program was possible.

RJR Nabisco rose 1/2 to 6 1/2, also in very active trading. Occidental Petroleum gained 1/2 to 19 1/2 after a PaineWebber analyst raised his recommendation to the company to attractive from neutral.

Technology shares were strong, with semiconductor shares recouping nearly half of the 5 percent they shed during the past four days.

"They led on the way down, so you would expect them to lead on the way up, too," said Drew Peck, an analyst at Cowen & Co.

Intel rose 1/4 to 59 1/2, Texas Instruments advanced 1/4 to 76 1/2 and Advanced Micro Devices gained 1/4 to 25 1/2.

Compag Computer jumped 1 1/2 to 32 1/2 after a Merrill Lynch analyst said the company was well positioned to take advantage of seasonally strong demand expected in the fourth quarter of this year.

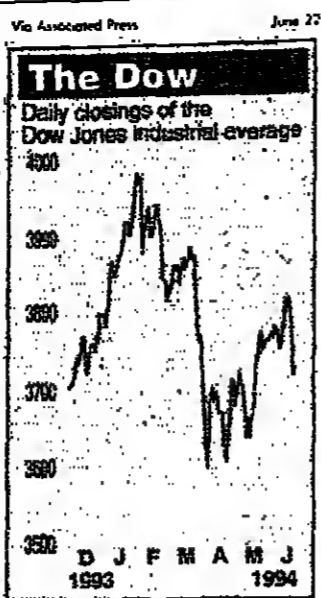
Shares of software companies rose after slumping Tuesday when Lotus Development said second-quarter earnings would be about half what analysts expected. Lotus, which plunged Tuesday, stabilized somewhat Wednesday, finishing down 9/16 at 36 7/16.

Oracle Systems gained 1 1/2 to 36 1/2 after unveiling new versions of its popular database programs. A strong earnings expectation from a Merrill Lynch analyst also helped the stock.

Silicon Graphics, a computer graphics company, gained 1/4 to 21 1/2 after announcing this week it would provide multimedia technologies and software to AT&T Network Systems.

Quaker Oats fell 1/2 to 7 1/2, losing ground for a second day after Nestlé said it had no plans to acquire Quaker.

(Bloomberg, AP)



D J F M A M J 1993 1994

NYSE Most Active

Vol.	High	Low	Chg.
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4

NYSE Most Active

Vol.	High	Low	Chg.
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4

NYSE Most Active

Vol.	High	Low	Chg.
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4

NYSE Most Active

Vol.	High	Low	Chg.
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4

NYSE Most Active

Vol.	High	Low	Chg.
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4
General Electric	45 1/2	45 1/2	-1/4

Dow Jones Averages

Open	High	Low	Close	Chg.
1000	3724.77	3724.77	3724.77	+16.80
1000	1010.00	1010.00	1010.00	+1.00
1000	125.00	125.00	125.00	+0.25

Standard & Poor's Indexes

High	Low	Close	Chg.
528.37	528.37	528.37	+1.71
121.00	121.00	121.00	+0.03
121.00	121.00	121.00	+0.03

NYSE Indexes

High	Low	Close	Chg.
3724.77	3724.77	3724.77	+16.80
1010.00	1010.00	1010.00	+1.00
125.00	125.00	125.00	+0.25

NASDAQ Indexes

High	Low	Close	Chg.
714.00	714.00	714.00	+3.45
714.00	714.00	714.00	+3.45
714.00	714.00	714.00	+3.45

AMEX Stock Index

High	Low	Close	Chg.
43.07	43.07	43.07	+1.35
43.07	43.07	43.07	+1.35
43.07	43.07	43.07	+1.35

Dow Jones Bond Averages

Open	High	Low	Close	Chg.
1000	1010.00	1010.00	1010.00	+1.00
1000	125.00	125.00	125.00	+0.25
1000	125.00	125.00	125.00	+0.25

NYSE Diary

High	Low	Close	Chg.
124.11	124.11	124.11	+0.11
124.11	124.11	124.11	+0.11
124.11	124.11	124.11	+0.11

AMEX Diary

High	Low	Close	Chg.
43.07	43.07	43.07	+1.35
43.07	43.07	43.07	+1.35
43.07	43.07	43.07	+1.35

NASDAQ Diary

High	Low	Close	Chg.
714.00	714.00	714.00	+3.45
714.00	714.00	714.00	+3.45
714.00	714.00	714.00	+3.45

Spot Commodities

Commodity	Today	Prev.
Aluminum	1.18	1.18
Copper	1.18	1.18
Gold	1.18	1.18

Market Sales

"For a young comp we've already done a lot of things," he said. Nestlé's Swiss Milk International, housed in Perle's former headquarters, was formed at the end of 1990.

PERIER: Nestlé Still Trying to Restore Sparkle to Struggling Brand

Continued from Page 11

5.9 billion liters and produced sales of 14.3 billion francs.

Since acquiring Perrier, Nestlé has invested 1.8 billion francs in mineral-springs acquisitions or joint ventures in the United States, Greece, Thailand, Vietnam, Mexico and Poland, and it is on the lookout for springs elsewhere in the world that can be developed.

At the same time, Mr. Milhaud said, Nestlé will be spending hefty sums to create global brands in the sector to complement, and possibly compete with, Perrier.

"For a young company, we've already done a lot of things," he said. Nestlé Sources International, housed in Perrier's former headquarters, was formed at the end of 1992 to manage and develop Nestlé's

stable of three dozen water brands — a business that employs 14,000 people. In addition to Perrier, its major European brands include Vittel — which Nestlé has fully owned since 1991 — Contrex, Valser and San Pellegrino, the Italian sparkling water in which it holds a minority stake.

In the United States, according to Beverage Marketing Corp., an industry research

firm, Nestlé commands more than 23 percent of the mineral-water market — triple the share of its nearest competitor, McKesson Corp.

The U.S. subsidiary, Perrier Group of America Inc., owns 10 regional springs including Great Bear, Calistoga, Poland Spring, Oass, Zephyrus, Arrowhead, Ozarka and Ice Mountain.

See our Education Directory every Tuesday

EUROPEAN FUTURES

Open	High	Low	Close	Chg.
1000	1010.00	1010.00	1010.00	+1.00
1000	125.00	125.00	125.00	+0.25
1000	125.00	125.00	125.00	+0.25

Metals

Open	High	Low	Close	Chg.
1000	1010.00	1010.00	1010.00	+1.00
1000	125.00	125.00	125.00	+0.25
1000	125.00	125.00	125.00	+0.25

Financial

Open	High	Low	Close	Chg.
1000	1010.00	1010.00	1010.00	+1.00
1000	125.00	125.00	125.00	+0.25
1000	125.00	125.00	125.00	+0.25

3-MONTH STERLING (LIFE)

Open	High	Low	Close	Chg.
1000	1010.00	1010.00	1010.00	+1.00
1000	125.00	125.00	125.00	+0.25
1000	125.00	125.00	125.00	+0.25

3-MONTH EURO (LIFE)

Open	High	Low	Close	Chg.
1000	1010.00	1010.00	1010.00	+1.00
1000	125.00	125.00	125.00	+0.25
1000	125.00	125.00	125.00	+0.25

3-MONTH POUND (LIFE)

Open	High	Low	Close	Chg.
1000	1010.00	1010.00	1010.00	+1.00
1000	125.00	125.00	125.00	+0.25
1000	125.00	125.00	125.00	+0.25

LONG GILT (LIFE)

Open	High	Low	Close	Chg.
1000	1010.00	1010.00	1010.00	+1.00
1000	125.00	125.00	125.00	+0.25
1000	125.00	125.00	125.00	+0.25

GERMAN GOVERNMENT BOND (LIFE)

Open	High	Low	Close	Chg.
1000	1010.00	1010.00	1010.00	+1.00
1000	125.00	125.00	125.00	+0.25
1000	125.00	125.00	125.00	+0.25

10-YEAR FRENCH GOV. BOND (LIFE)

Open	High	Low	Close	Chg.
1000	1010.00	1010.00	1010.00	+1.00
1000	125.00	125.00	125.00	+0.25
1000	125.00	125.00	125.00	+0.25

3-MONTH JAP. GOV. BOND (LIFE)

Open	High	Low	Close	Chg.
1000	1010.00	1010.00	1010.00	+1.00
1000	125.00	125.00	125.00	+0.25
1000	125.00	125.00	125.00	+0.25

3-MONTH SWISS GOV. BOND (LIFE)

Open	High	Low	Close	Chg.
1000	1010.00	1010.00	1010.00	+1.00
1000	125.00	125.00	125.00	+0.25
1000	125.00	125.00	125.00	+0.25

3-MONTH ITALY GOV. BOND (LIFE)

Open	High	Low	Close	Chg.
1000	1010.00	1010.00	1010.00	+1.00
1000	125.00	125.00	125.00	+0.25
1000	125.00	125.00	125.00	+0.25

3-MONTH SPAIN GOV. BOND (LIFE)

Open	High	Low	Close	Chg.
1000	1010.00	1010.00	1010.00	+1.00
1000	125.00	125.00	125.00	+0.25
1000	125.00	125.00	125.00	+0.25

3-MONTH GREECE GOV. BOND (LIFE)

Open	High	Low	Close	Chg.
1000	1010.00	1010.00	1010.00	+1.00
1000	125.00	125.00	125.00	+0.25
1000	125.00	125.00	125.00	+0.25

3-MONTH PORTUGAL GOV. BOND (LIFE)

Open	High	Low
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Fosters' Teams for Breweries In China

Bloomberg Business News
HONG KONG — Fosters' Brewing Group Ltd., the world's fourth-largest brewing company, and the Hong Kong conglomerate Wheelock & Co. are exploring brewing joint ventures in China, with potential investments of \$1 billion.

China's beer market is the second-largest in the world and likely to surpass the United States within a few years. Fosters' has already set up two brewing joint ventures in Shanghai and in Dumen, in the southern province of Guangdong. The company owns 60 percent of each.

The two companies said they had already started to evaluate proposals to create breweries on undeveloped sites in Wuhan, in central China; in Chengdu in the southwest and in the northern port of Tianjin.

The \$1 billion would be invested in phases, probably stretching over a five-year period, Wheelock said.

Wheelock plans five regional hubs in China around Guangzhou, Shanghai, Wuhan, Chengdu and Beijing-Tianjin. By developing breweries in these five centers, Fosters' would have access to an urban population of 250 million.

China's beer market grew by about 2.3 billion liters (2.4 billion quarts) in 1993, to 12.3 billion liters. That compares with an Australian beer market of 1.7 billion liters.

China's per-capita beer consumption last year was about eight liters, compared with roughly 100 liters a year in the United States, Britain and Australia.

Unrest at Foreign Firms
There were more than 260 strikes last year at foreign-invested companies in China, The Associated Press said, quoting from an official newspaper.

The Beijing Legal Daily said local governments were often unwilling to force foreign investors to comply with safety laws.

Seiko's Quest: Only Time Will Tell

Bloomberg Business News
TOKYO — When Seiko Corp. marketed the world's first quartz wristwatch back in 1969, it was crafted by hand and cost about \$1,400.

The watch had 100 times the accuracy of the finest mechanical timepiece, but it cost more than 12 times as much. Some of Seiko's own retailers refused to handle any of the fewer than 300 quartz watches produced that year.

In 1993, Seiko alone sold more than 30 million quartz watches, with prices starting around \$20. Today, however, the company badly needs another breakthrough.

The watch market is saturated, and tough new competitors are springing up around Asia. Seiko still packs a brand-name punch, but the 1990s have produced some bruising numbers for the company, which released its annual results last month.

In the business year that ended March 31, the Seiko group posted a 6.5 billion yen (\$65 million) current loss, almost twice the previous year's deficit.

The parent company saw current profit jump 142 percent to 3.3 billion yen, but not from selling watches. With interest rates falling, it put out a break on bank borrowing and just aside smaller provisions against losses.

"It will take time," said a company official. Like a lot of other Japanese companies, Seiko blames its troubles on

the strong yen and sluggish economic growth in most of its major markets, including Japan.

Seiko also sells clocks and jewelry, but watches accounted for 58 percent of its sales at the parent level. So Seiko expects another big group loss in the year to March 1995 and a 40 percent drop in current profit at the parent level.

"Total demand for watches is increasing very modestly," said Yutaka Sugiyama.

Seiko still packs a brand-name punch, but the 1990s have produced some bruising numbers.

ma, a precision instruments and electronics analyst at UBS Securities.

Seiko's watch sales slipped from 160.3 billion yen to 147.5 billion yen in the year to March, and Seiko expects another 21 percent drop in the current business year. Clock sales, about 15 percent of total sales, were little changed but are forecast to drop 16 percent this year.

The yen did much of the damage. At the beginning of the fiscal year, there were 114 yen to the dollar. Now the dollar is hovering around 100 yen.

When the yen soared in the second half of the 1980s, Seiko boosted volume and made do with smaller margins. That strategy will not work again, because the market has been saturated.

The company is fighting back by jazzing up its product line.

A "kinetic" quartz wristwatch, revamped and put back on the market in 1993, is selling well. Energy generated by the movement of the wearer's arm creates the electric power to run it. Seiko expects to sell 1 million units in the year starting in April 1996 for a 20 percent to 30 percent contribution to sales.

Titanium casings, designed for allergy-sensitive wrists, also look promising.

Seiko officials are excited about a pager watch the company is testing on 10,000 users in Seattle, Washington, and Portland, Oregon. A network transmitting digital signals on unused FM frequencies can send messages, traffic reports and other data to wearers.

Such a network will be up and running in Los Angeles this year. Two dozen other big cities are due to be on the network before mid-1996. They are part of a larger project organized by a consortium of public and private organizations.

With exports accounting for 31.5 percent of sales last year, Seiko expects to see the economies of Southeast Asia and China provide the biggest boost to sales.

Weak Data For Japan Carmakers

Compiled by Our Staff From Dispatches

TOKYO — Toyota Motor Corp. and Nissan Motor Co. on Wednesday announced further declines in domestic output, sales and exports in May, accompanied by increased production abroad.

But Toyota said the domestic market was "headed toward a recovery" as sales by all manufacturers in May dropped only 1.7 percent from a year earlier, the smallest decline so far this year.

Toyota said its domestic production fell 8.9 percent from a year earlier to 265,843 vehicles, with its output of cars falling 10 percent to 209,362 units.

Toyota's overseas production jumped 21 percent from May last year to 90,064 units, boosted by increased output in the United States and Britain.

The carmaker's exports declined 7.4 percent to 112,285 units, the 12th straight year-on-year decline, due to a decrease in shipments to Asia and Europe. Car exports fell 9.8 percent to 79,254 units.

Nissan said domestic production in May dropped 26 percent from a year earlier to 101,188 vehicles. Car production dropped 23 percent to 87,695 units as bus and truck production plunged 40 percent to 13,493 units.

Nissan's overseas production expanded 11 percent from a year earlier to 94,809 units, buoyed by increased output in the United States and Spain.

Nissan's exports fell 14 percent to 37,600 units, the 22d month of year-on-year declines, which reflected sluggish demand in Germany, the Middle East and Asia. (AFP, Reuters)

Investor's Asia

Exchange	Index	Wednesday Close	Previous Close	% Change
Hong Kong Hang Seng	1994	8,876.84	8,857.78	+0.22
Singapore Straits Times	1994	2,256.30	2,261.87	-0.25
Tokyo Nikkei 225	1994	20,581.30	20,613.16	-1.11
Kuala Lumpur Composite	1994	1,016.43	1,011.46	+0.50
Bangkok SET	1994	1,311.61	1,329.32	-1.32
Saudi Composite Stock	1994	5,967.81	5,948.97	+0.15
Manila PSE	1994	2,815.94	2,814.59	+0.05
Jakarta Stock Index	1994	473.13	475.24	-0.44
New Zealand NZSE-40	1994	2,029.53	2,043.74	-0.70
Bombay National Index	1994	2,086.06	N.A.	

Sources: Reuters, AFP. International Herald Tribune

Very briefly:

• China's biggest car show, Auto China '94, opens Thursday in Beijing, with leading automakers from the United States, Japan, Europe, South Korea and Australia putting models on display.

• Vietnam said it approved \$827 million in foreign investment in the first quarter, up 58 percent from a year earlier.

• Ho Chi Minh City's airport needs \$1.8 billion of investment by 2010 to handle an expected 50 million passengers and 1 million tons of cargo, the Vietnam News Agency said.

• Itasca Corp. said it bought a 5 percent stake in the American multimedia software development company BroadVision Inc. for \$1 million. BroadVision is developing software for interactive cable television programming.

• Procter & Gamble Co. has offered to set up an Association of Southeast Asian Nations industrial joint venture in which it could invest as much as \$500 million in five years, the Philippines' trade secretary, Rizalino Navarro, said.

• Peregrine Investments Holdings Ltd. of Hong Kong said it was giving up plans to launch a joint-venture investment bank in India with Calcutta-based ITC Classic Finance Ltd.

AP, Reuters, AFP, AFP, Bloomberg

Oil Futures Get A Reprieve on Shanghai Bourse

Reuters
SHANGHAI — The Shanghai Petroleum Exchange won another reprieve in its battle to stay in business, traders said Wednesday, but confusion still surrounds trading on one of China's most important exchanges.

Futures on gasoline, diesel and heating oil, which were supposed to stop trading altogether Thursday, have now simply been suspended, an exchange spokesman said.

The three contracts, which account for almost all trading on the market, were originally banned May 17. But after backroom bargaining between Shanghai and Beijing, June contracts in those products resumed trading June 6.

The latest move highlights a policy tussle between Shanghai and Beijing.

Markets See Australia Rate Rise

Government Says Economic Fundamentals Aren't Right

Compiled by Our Staff From Dispatches

SYDNEY — Australian ministers pledged Wednesday not to cave in to pressure for higher interest rates as battle lines hardened between markets seeking reassurance on inflation and a government intent on keeping the recovery on track.

A report in the country's leading financial daily jarred already jittery markets by saying the Reserve Bank of Australia was preparing to lift rates despite government opposition.

Ministers blasted talk of an immediate rate rise, saying fundaments did not warrant such a move. Analysts sympathized with their position but wondered if they could last the course.

Speculation about a rate increase has mounted steadily in

recent weeks, with yields on 10-year government bonds rising a full percentage point in two weeks to their highest level in 2½ years. Even money market rates are now discounting a 0.5 point rise in the 4.75 percent official cash rate.

The Australian dollar also continued to rally on the prospect of soaring returns, closing Wednesday at 74.37 U.S. cents, compared with 74.01 cents Tuesday.

Fighting for Bridge Oil

Parker & Parsley Petroleum Co. fired another shot in its takeover battle for Australia's Bridge Oil Ltd. by filing suit in Dallas against rival bidder Gantry Acquisition Corp., Bloomberg Business News reported from Sydney.

Parker, based in Midland, Texas, is asking the court to order Gantry and its parent, Joint Energy Development Investments Ltd., to stop purchasing Bridge Oil shares, alleging it is violating U.S. law that prohibits buying shares outside a tender offer without an exemption from the Securities and Exchange Commission.

HONG KONG — Britain's Lucas Aerospace Ltd. has signed an agreement to set up a joint-venture repair and overhaul operation in Xiamen in southeast China.

The business will be adjacent to a large aircraft maintenance center being built by Taikoo Aircraft Engineering Co., which is 41 percent controlled by one of the world's aircraft engineering companies, Hong Kong Aircraft Engineering.

Lucas will own 65 percent and Taikoo 35 percent of the new venture, which is due to begin operating in 1996.

"This could become an aviation village," said Nick Rhodes, public affairs general manager for Swire Pacific, the controlling shareholder in Hong Kong Aviation. He said that aviation engineering companies such as those focusing on brakes and tires may be attracted to the site.

Swire subsidiary Cathay Pacific Airways

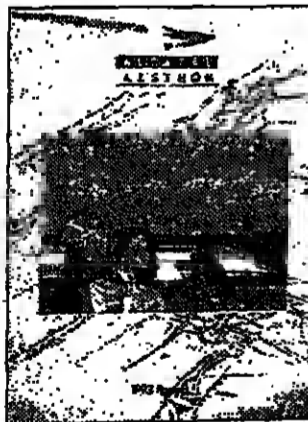
and two other carriers, Japan Airlines and Singapore Airlines, each own 10 percent of Taikoo. Other shareholders are the Civil Aviation Administration of China, the nation's aviation industry regulator, with 9 percent, and the Xiamen government-controlled Xiamen Corp. for International Techno-Economic Cooperation.

Lucas Aerospace is part of Lucas Industries PLC, which produces advanced technology systems.

Annual Reports



Alcatel Alsthom is an international producer of technologically advanced infrastructure equipment for the communications systems, energy and transport sectors. The group ranks among the world leaders in all of its areas of activities.



With 196,500 employees, Alcatel Alsthom is active in over 100 countries around the world. In 1993, with sales of FF 156.3 billion, Alcatel Alsthom's net income amounted to FF 7 billion and placed it among the world's forty largest companies.



1993 results were in line with preliminary estimates and were affected by the depressed economic climate in Continental Europe and especially in France.

Increased allocations to provisions were responsible for a decline in net income despite progress achieved by the Group in terms of both banking income which rose 4.9% to FF 41,675 million and net operating income which advanced 8.5% to FF 12,457 million.



Above all, 1993 was for BNP the year of privatization which was as much a technical as a popular success and put BNP on an equal footing with its large international competitors. Consequently, BNP's goal is to ensure its development through a recovery of its profitability. To do so, BNP will be focusing its strategy on its two core businesses: retail banking in France and international banking for large corporate and institutional clients.



In 1993, Premium income: FRF 64.3 bn
Net profit (Group Share): FRF 1.262 bn
Assets managed: FRF 217 bn

CNP is France's leading personal insurer thanks to



its expertise constantly renewed by the drive toward innovation. Its market share reached 17% in 1993. CNP's statute has changed: it became a limited liability company in 1992. CNP's imminent listing on the Paris Stock Exchange and the strengthening of its capital base will guarantee its coming developments.



Elf Aquitaine is one of the 10 largest oil & gas companies worldwide, and one of France's leading industrial groups in terms of sales and market capitalization. Since February 22, 1994, Elf is now a private enterprise, comprising over 800 companies, active around the world.

A major integrated oil company active from wellhead to gasoline pump, Elf carries out complementary operations in basic and specialty chemicals, health, beauty products and bio-activities.

Key consolidated figures 1993:
Sales: FF 209 675 Bn
Operating income: FF 6 418 Bn
Net income: FF 1 070 Bn
Chairman and CEO: Philippe Jaffré



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LKAB is one of the world's leading producers of highly upgraded iron ore products. More than 85 percent are delivered to European steel mills, but LKAB also exports to more distant markets such as the Middle East and Southeast Asia.



Gross revenues in 1993 were MSEK 3,627 (3,737). Income after financial items improved by 52 percent to MSEK 608 (399), mainly due to greatly reduced costs, a slightly higher dollar and higher financial income. LKAB's ongoing capital investments comprise the largest industrial investment project in Sweden at the present time and include a new main level and a new pelletizing plant in Kiruna.



Lyonnaise des Eaux is an industrial group which is present in over 80 countries. Associating construction and services gives Lyonnaise des Eaux the capacity to contribute to long-term improvement of community life and the environment.



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- Services: services to communities in the field of environment (water, waste management, energy technologies), services to society at large (cable and broadcast TV, health-care, mortuary services...)
- Construction: buildings and civil engineering, road-building, concessionary operations (toll-roads and car parks), industrial activities, offshore works.
93.6 bn FF in 1993 revenues, a workforce of 120,000 employees.



With sales totalling FF 8,388 million in 1993, net income of FF 331 million, and 10,000 employees, Groupe SEB ranks among the world leaders in the small household equipment sector.



Our products are sold in over 100 countries. On most markets, they are distributed principally under the brand names Rowenta and Tefal (or T-Fal). The SEB shares are quoted on the Paris Stock Exchange. An independent enterprise, Groupe SEB endeavours to ensure for its shareholders an attractive investment income and steady capital growth.

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ADVERTISING SECTION

"The Czech Republic lies at the very center of Europe. Sometimes we even think of ourselves as being its very heart. For this reason, we have always been a particularly exposed place, unable to stay out of any of Europe's conflicts. Due to this, everything that has happened in Europe has intrinsically concerned us. We are among the expert witnesses of the political reality of Europe's interconnectedness." — Vaclav Havel, president of the Czech Republic.

The Czech Republic

Area: 78,864 square kilometers (30,449 square miles)
President: Vaclav Havel
Prime Minister: Vaclav Klaus
Capital: Prague (pop. 1.22 million)
Other major cities:
 Brno (392,614)
 Ostrava (331,504)
 Plzen (174,676)
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 Na Frantisku 32
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Well on the road to the future, Prague, a beautiful city with most of its ancient monuments still intact, is now the capital of a fast-growing, very contemporary nation right in the heart of Europe.

ENGINES FOR GROWTH: PRIVATIZATION AND SERVICES SECTOR

A number of industrialized countries managed to run a trade surplus in 1993, including Germany and Japan. Several others registered a federal budget surplus. Only the Czech Republic accomplished both feats.

In its first year of existence, the country recorded one of Europe's lowest rates of unemployment and the

largest increase in exports (20 percent, excluding trade with the Slovak Republic), while maintaining world-best levels of education and occupational training. These stellar figures are even more impressive in light of the country's recent history and its current situation.

On January 1, 1993, the Czech Republic came into being. One of the two successor states to the Czech

and Slovak Federation, its first two years were to be spent — according to the conventional wisdom of the time — overcoming the painful psychological and practical aftereffects of separation.

The conventional wisdom was wrong. Aside from a few initial squabbles about the division of common property and a few other minor glitches, the divorce is

working better than the last phases of the marriage. The major formal economic tie between the Czech and Slovak Republics is their customs union, which has facilitated a fairly large volume of trade between the countries. In 1993, the Slovak Republic was the Czechs' second-largest trading partner.

Nor has the divorce caused any discernible upheavals or soul-searching within the Czech Republic. The new republic's ministries and organizations have carried on the work of their predecessors with no noticeable interruption or uncertainty. This is not surprising, as many have the same staffs and assignments.

The Czech Republic's current economic statistics and its historical identity place it at the heart of Europe. In advancing their ties to NATO and to the European Union, the Czechs, led by Josef Zelenka, the country's foreign minister, have displayed a great store of flexibility and pragmatism. The long-term goal remains clear: full political and economic reintegration into the western world after more than four decades of separation.

The Czechs' post-revolution GDP and industrial output slumps were relatively short and mild by the region's standards. The Czech GDP is set to grow by some 3 percent this year. The turnaround in manufacturing output finally arrived in

March of this year, with output showing its first year-on-year rise. And an estimated 55 percent of the Czech economy is now controlled by the private sector.

The main motors of this transition have been the country's privatization program and its burgeoning services sector. More than 22,120 entities have been returned to the private sector, often to their previous operators. In addition, the country has restored assets worth

Does an equitable transfer of ownership produce the new management styles and capital resources necessary to transform often-unwieldy companies? Prime Minister Vaclav Klaus says that voucher privatization was best suited to the Czech Republic's situation: driving on seasoned managers, short on domestic capital, with good immediate business prospects. "Give the companies a proper ownership and let them earn capital from market activities," has been his philosophy.

The media, and specifically the new private-sector broadcasters, are one of the fastest-growing areas in the country's booming services sector. Business-to-business services are another, says Milan Hoidar, managing director of the Czech operations of Hill International, the international human resource consulting company.

"The initial wave of interest by Western multinationals to set up a base in the Czech Republic triggered a scramble for office space, equipment and, most importantly, qualified personnel," Mr. Hoidar says. "Service companies like ours profited from this scramble, which has gradually subsided. A new wave of interest — this time from second-generation Western investors and from rapidly growing domestic companies — has taken its place."

Vladimir Dlouhy, the Czech Republic's minister of industry and trade, says, "All these achievements have re-established the Czechs' position in the mainstream of world events. That's not something you can quantify in crowns and hellers, or dollars and cents, but it is still very important."

Around 55 percent of businesses have been privatized

some \$4.2 billion to their original owners. Other companies have either been sold directly or auctioned.

Voucher privatization, the Czechs' contribution to the world's catalogue of privatization measures, is still in full swing. In mid-April, its second round, involving 846 companies, began. The first round, launched in 1991, resulted in the privatization of 941 companies.

In this system, each Czech citizen can acquire, at a nominal price, vouchers worth 1,000 points. He or she can "spend" them directly to acquire shares in one or more newly constituted companies, or sell or transfer these points to investment funds set up for that purpose.

The voucher system is credited with having built a "pro-privatization" consensus among the Czechs, three-quarters of whom have become shareholders through it, and with keeping the reapportionment squabbles of privatization down to a bare minimum.

GOAL IS DEVELOPING ADVANCED TECHNOLOGIES

In 1953, Vladimir Dlouhy earned an MBA from the Catholic University of Louvain (Belgium) in 1978. In the following decade, he lectured in economics at the Prague School of Economics, did research at the Czechoslovak Academy of Sciences and was a founding member of the country's Institute of Forecasting.

In 1989, Mr. Dlouhy was one of the seven Civic Forum representatives (led by Vaclav Havel) who formed the country's post-Velvet Revolution government. After serving as the last chairman of Czechoslovakia's Planning Commission, Mr. Dlouhy founded its successor, the Ministry of Economic Affairs. Since the establishment of the Czech Republic, Mr. Dlouhy has been its minister of industry and trade.

How long will the Czech Republic remain the land of ultra-low wages and high qualifications and output? It's just a question of time before the "window" is closed by the process it has set off. Let me explain. Investors are currently rushing to produce relatively simple, produc-

tion-cost-effective items in the Czech Republic, or to purchase these items from our local producers. This inflow of investment and demand has facilitated the Czech Republic's turnaround, which was largely completed in 1993. The inflow is now helping to generate broad-based growth — and a comfortable future.

No one knows how much time it will take for Czech wages to reach Western levels. But there is a consensus as to what needs to be done during this relatively short period. And that is:

Thanks to this inflow, we are now successfully transacting a large volume of business with non-Czech companies on a daily basis. Our task at hand is to capitalize on these relationships, to upgrade them in terms of what our companies produce and how they do so, to parlay the increasing access we are getting to world markets into better access to advanced technologies.

That's why we welcome outside investment, particularly the "high brainpower," high-value-added kind we've been increasingly securing

over the last year or so. An example is Motorola's new product development facility. It will bring both jobs — between 250 and 300 — and expertise to the country.

Isn't this scenario rather reminiscent of the experience of Taiwan and the other Asian tigers?

The label of "Central Europe's tiger" has in fact been widely applied to this country over the last few years. It is misleading, for two reasons. Unlike Taiwan or Thailand, the Czech Republic is not making a new start, but rather a comeback. For most of the industrial era, this country was at the forefront of technological change, and the skills of our work force reflect that fact. Even during the Communist era, the then-Czechoslovakia was a highly successful exporter of durables and other high-value-added goods throughout the world. Secondly, the Czechs, while industrious, are not eager to dispense with the joys of weekends and vacations.

We do have one situation in common with Asia's tigers, though: Sooner or later, we're going to face strong competition from our less-de-



Vladimir Dlouhy, the Czech Republic's minister of industry and trade

veloped neighbors. The Asian tigers' Vietnam and mainland China are our Ukraines and Bulgarias. Within a few years, these countries will be the center of low-wage-driven development.

By then, the Czech Republic's main attraction to investors will no longer be its low wages, but rather, hopefully, its advanced technologies. Accomplishing this transformation is our main job, and we have very little time to get it done.

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هكذا من الأصل

The Czech Republic

TOURISM: EXPLORING THE COUNTRY BEYOND PRAGUE

The Czech Republic's other "Pragues" are awaiting the next tourist boom. Olomouc, Telc and Kromeriz are still the exclusive province of art historians. Austro-Hungarian Empire buffs and local culture vultures. Even the most peripatetic tourists would have trouble locating them — or even Moravia, the province in which they are located.

Only five years ago, that relative obscurity was enjoyed by Prague itself, which is now attracting an unprecedented number of tourists. In 1993, some 72 million people visited the Czech Republic — three times more than in the four previous years. Tourist rev-

enues in the country have increased 387 percent during the same period, while the numbers of hotels and hotel beds in Prague doubled.

Five years from now, it could be the Moravian cities' turn. Or that of Ceske Budejovice, Cesky Krumlov and other undiscovered sites. These cities have pre-bloom Prague's mix of stunning medieval edifices and romantically empty streets.

And they have something more. Prague, as anyone arriving by car or train has noticed, is surrounded by industrial zones. Its smaller counterparts, on the other hand, are located in such natural preserves as the Moravian Karst, 100 square kilometers of labyrinthine caves, subterranean rivers

and precipitous gorges, the source of much of the country's lore and legends.

Of course, there is an important difference between today's Moravia and the

Some cities are surrounded by natural parks

Prague of five years ago: a fully functioning service sector. While not quite able to compete with Prague's proliferation of restaurants, fast-food outlets and hotels, these cities do offer a nice choice of accommodations and restaurants.

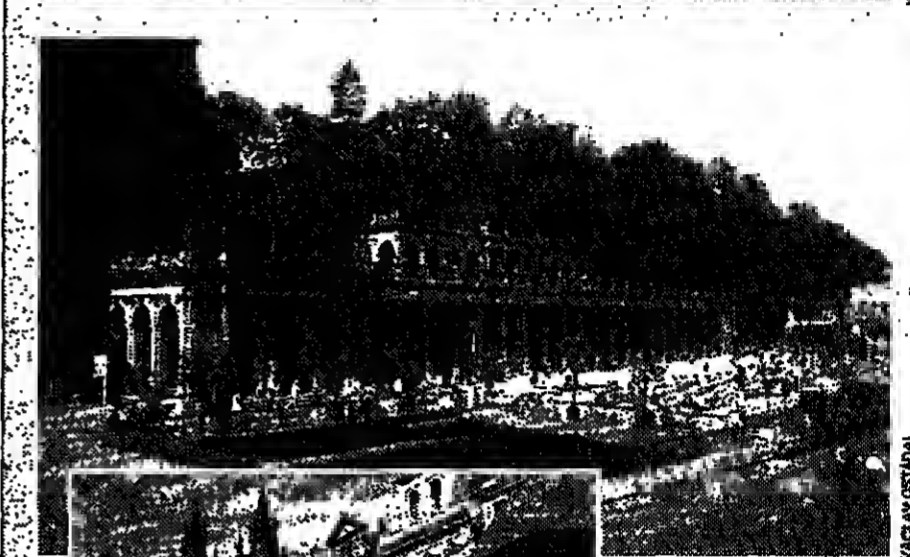
In Olomouc, there is a

Prague-like abundance of freshly painted edifices, scaffolding and hammering. All this restoration has been triggered by the impending arrival of one tourist — the Pope — who is scheduled to come here next year.

As the Czechs are fond of pointing out, their country is a central part of Central Europe. Prague is close to many points in Europe (270 kilometers by road from Vienna, 470 kilometers from Munich). And it is within an hour's flying time from most Continental European destinations. Some 115 flights a day now connect Ruzyně airport (20 kilometers northwest of Prague) to the rest of the world, an increase of 119.6 percent over last year. There is literally no spot in

the Czech Republic that is not served by the country's bus system. While the indefatigable buses are not famed for their speed, they are still faster (and somewhat cheaper) than the country's railroads, which are generally excruciatingly slow. The buses compete with a swelling number of cars for increasingly scarce space on the country's roads. The traffic jams endemic to downtown Prague and the country's main highways will soon be alleviated by a new system of divided highways.

For information, contact the Czech Tourist Authority, Staromestske namesti 6, 110 15 Prague 1. Tel.: (42-2) 231 28 39; fax: (42-2) 231 42 27.



The republic's many faces (from top): A fountain in Olomouc; street scene in Karlovy Vary; Prague's cafe society. The next wave of visitors is expected to venture beyond the capital to explore the country's many other attractions.

APPRECIATION FOR CULTURE HAS A LONG HISTORY

The Czechs have world-class performers, venues and — most importantly — audiences. The historical role of culture in this country explains why.

Two hundred cultural festivals are staged every year in the Czech Republic, placing the country at the upper end of international averages of annual cultural events. These festivals range from the Prague Spring international music festival (mid-May to early June) and the Brno International Music Festival (September and October) to such obscure but fascinating events as Cheb's Festival of One-Person Groups. As befits the "capital of young people's Eu-

rope," Prague's 40 or so daily cultural events are heavily weighted toward the avant-garde and the innovative.

Distinguishing these festivals and events is neither their number nor their quality (which is invariably high), but their audiences' evident appreciation for culture, which stems from the highly divergent, often contradictory ways culture formed this nation-state.

Musicians, not politicians, were the first to articulate the idea of a Czech national identity. In the mid-1870s, Bedrich Smetana, the first of the country's peerless "Big Four" composers, wrote "Ma Vlast" ("My Country"). In six symphonic poems, this work lyrically



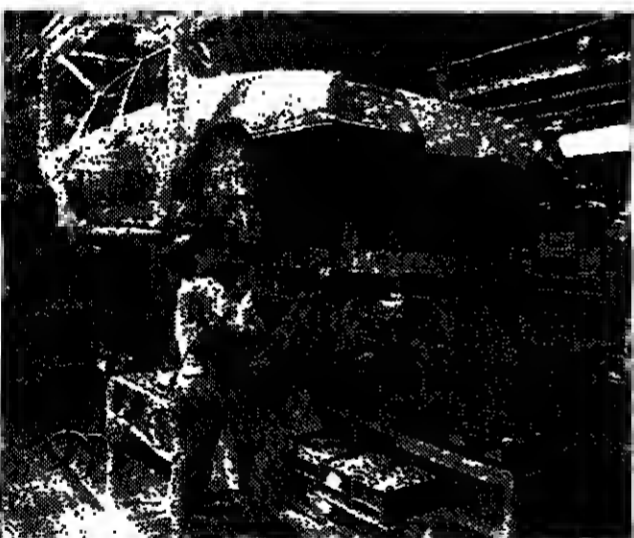
evoked the sweep of the country's natural attractions and the twisting saga of its history. Its debut, in 1879, was both an artistic and political event. "Ma Vlast" is credited with helping to change the country's political agenda from equality within the Austro-Hungari-

an empire to independence. Leos Janacek, Antonin Dvorak and Bohuslav Martinu followed Smetana in stoking political fires and earning international acclaim. They joined Smetana in fashioning Moravian and Bohemian folk tunes into a new musical idiom — and into a call to arms. Today, this tradition is being furthered by such modern composers as Petr Eben.

Czech writers and thinkers, on the other hand, were anything but nation-minded. In their café discourse and discord, Rilke, Kafka and their ilk formulated Europe's intellectual idiom and melded Prague's divergent nationalities into a single cosmopolitan unit.

"Culture and cafés — where it is preached and practiced — are the only elements binding us in Prague together," wrote a Prague-based journalist early in the 20th century. Today, cultural events remain Prague's common ground, the meeting points of this reborn city's huge, mobile population.

One genre has bridged the gap between ardent nation-building and committed cosmopolitanism, partly because it is neither spoken nor heard. Performed by such artists as Milan Sladek and such groups as Laterna Magica and Theater Image, Czech mime and "movement theater" are staples of both Czech and international cultural calendars.



Industry in action: putting the final touches on a car at Skoda VW.

AGENCIES STRUGGLE TO KEEP TRACK OF RAPID GROWTH

Our economy is substantially under-counted," says Vladimir Dlouhy, the Czech Republic's Minister of Industry and Trade. "That's partially because we're still not finished setting up statistical reporting and evaluation arms. It's also due to the nature of our new economy. The number of our small and medium-sized companies has been greatly expanding, and now totals one million companies and other economic entities, including single-person enterprises — as far as we know. Many have just been founded; others have yet to be noticed by our monitoring agencies."

Though small, these enterprises have a collective importance as large as that of Skoda VW (automobiles), Skoda Pizen (electrical engineering) and the Czech Republic's other household names. These "small fry" receive a major portion of foreign orders for finished and semi-finished goods.

It may be difficult to get an accurate count of them, but it is possible to get an overview of their latest products and services by traveling to Brno, the Czechs' primary trade-fair venue.

For four decades, Brno's autumn fairs were one of the two "must" stops on the socialist world's business calendars; the other was Leipzig's main event, held in the spring. In the post-communist era, faced with fierce competition from Western Germany's mighty trade-fair authorities, Leipzig has been valiantly struggling to regain at least a portion of its former pre-eminence.

Brno, on the other hand, is in a more enviable position. Thanks to a relative lack of competition and the strength of the burgeoning Czech economy, Brno Fairs and Exhibitions has achieved

growth all down the line, in the number of international fairs held (26 in 1993, as opposed to 12 in 1990), in exhibition space rented (330,000 square meters, or around 3.5 million square feet, in 1993, up 30 percent over the figure three years ago) and in the total number of exhibitors, which has more than doubled during this period.

With a total of 38 fairs and exhibitions planned for 1994 at the city's trade-fair and exhibition grounds in 1994, Brno is not only larger than its previous incarnation, but is also more varied. This is a reflection of the Czech economy's increasing diversity. Scheduled new events include fairs focused around computers, energy-saving technologies and consumer goods.

The number of fairs held in Brno has doubled

A VIABLE FINANCIAL SECTOR IS ALREADY FUNCTIONING WELL

In finance, as in other fields, the Czechs have largely kept their own counsel, developing and deploying their own policies. The outcome of this independence has been highly positive, if not immediately apparent.

The similarities between the Czech financial community and those of the rest of Central and Eastern Europe are concrete and obvious. Like its counterparts, the Czech Republic now features many private-sector banks (a total of 58, 30 of which are partially or entirely foreign-owned); a very young, volatile stock market with 20 regularly-traded issues; and a proliferation of automatic tellers, financial-service companies and reorganized insurers.

Central European economies are generally presided over by central and other banks that are on a par with the best of those in Western Europe and Japan. In the Czech Republic's case, this excellence has been accorded due recognition. Josef Tosovsky, governor of the Ceska Narodni Banka (Czech National Bank) was recently named Central Banker of the Year by Euromoney magazine. What sets the Czech Republic's financial sector apart from those of its neighbors manifests itself in the balance sheets and official figures. The credit crunch plaguing Central and Eastern Europe's companies has yet to become acute in the Czech Republic, and the Czech government is not burdened by a massive debt load.

According to Martin Svehla, spokesman for the Czech National Bank, local businesses are still "rather freely" re-

ceiving loans from the country's banks — a statement corroborated by the latest figures. In 1993, the country's total volume of commercial credit rose 20 percent. The Czech Republic's debt-per-capita figure currently stands at \$852, the lowest in Central and Eastern Europe (with the exception of Romania) and third-lowest in Europe as a whole.

The Czech Republic has also been spared a crippling rate of inflation and a currency of ever-dwindling worth. Tem-

Capital inflow grew by 37 percent in 1993

porarily boosted by 1993's introduction of a 23 percent value-added tax on goods and services, inflation has returned to its previously low levels and is currently running at a very moderate 0.4 percent monthly rate. The Czech crown has been stable since 1993.

The country's ability to avoid the financial problems besetting its neighbors is the result of a series of iconoclastic decisions taken by Prime Minister Vaclav Klaus, the Czech National Bank and other senior financial authorities in the early days of the new era. Most of the region's countries rushed to exploit their new financial freedom by making their currencies convertible and by undertaking forays into international capital markets.

In a "first-things-first" policy, the Czech financial authorities, on the other hand, devoted themselves to clearing up the problems of the past. The balance sheets of the country's newly privatized banks, for example, contained large "carry-over debts" from the previous regime. The new government assumed these debts, positioning the banks for a "clean slate" start. As a consequence of these and other moves, Czech banks recorded an impressive 55 percent increase in profits in 1993.

Another successful strategy has been a step-by-step approach to convertibility. To encourage outside investment, Czech authorities quickly instituted regulations allowing for the complete and free repatriation of investment capital and profits.

To keep a grip on the transnational flows of funds, the authorities also required the depositing of foreign currencies at major banks. While not interfering with the development of trade, this measure has curbed the monetary volatility afflicting a number of other countries in the region.

International financial bodies and investors have voiced their approval of these measures. Debt issues from the Czech National Bank, the city of Prague and CEZ (the country's energy supplier) have been awarded investment-grade ratings. CEZ is the first private-sector company in Central and Eastern Europe to receive such a rating. In 1993, the inflow of capital into the Czech Republic increased by 37 percent, to \$2.9 billion.

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SPORTS

Leading Braves in 9th, Mets Fold

The Associated Press
John Franco was frustrated after his New York Mets teammates helped him botch what could have been a record-setting save.

He sounded so much like Bret Saberhagen it's likely the Mets will soon be budding behind closed doors.

Earlier, Saberhagen, the two-time Cy Young Award-winner, 7-3 with a 3.59 ERA this season, said he's unhappy with the direction the team is going.

That was before it blew another game it should have won, allowing two runs with two outs in the ninth inning as the Braves rallied for a 4-3 victory Tuesday night in Atlanta.

"We gave them an extra out and you see what happens," Franco said. "It's getting really ugly again. We started out good but then fell back into bad habits."

The extra out is becoming a Mets specialty.

On Monday, outfielder Jim Lindeman dropped a fly ball. This time, third baseman Bobby Bonilla tried to bargehand a slow roller and grabbed only air.

With two outs and a runner on first, Franco got Jeff Blauser to hit a slow roller to third.

Bobby fields the ball and it's over," Franco said.

He didn't.

"And they scored it a hit. That's a joke," Franco said. After Bonilla's nonplay, Franco did the rest.

He gave up a single to Roberto Kelly that tied it, then grooved a pitch that Fred McGriff ripped into left.

It was Franco's fourth blown save in 20 chances and kept him from passing Dave Righetti for first place in career saves among left-handers. Both have 252.

Francisco said it's frustrating to see teammates playing out of position while other teams in similar situations take steps to remedy them.

"The good teams make moves," he said. "We bring kids up from Triple-A."

Saberhagen said virtually the same thing before the game.

"I like New York," he said, "but I want to pitch for a winning team and we're going in the wrong direction. The first and second-place clubs have improved themselves. We're bringing up minor leaguers."

Dallas Green, an old school manager who rarely pulls punches when players don't get the job done, replied: "Bret doesn't run the team. I do. That's it."

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Padres 4, Dodgers 3: Tony Gwynn singled home the tying run and scored the winner as San Diego, playing at home, rallied in the 13th to end its six-game losing streak against Los Angeles.

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Blue Jays' Dick Schofield being examined after he was hit in the head by a pitch from Aaron Sele of the Red Sox.

LeMond Uncertain For Tour de France

By Samuel Abt
International Herald Tribune

PARIS — Ten days to go till the Tour de France and Greg LeMond still doesn't know if he will be at the start. This year the uncertainty is not due to accidental shooting, as in 1987, or exhaustion, as in 1993, but to a shocking reason for a rider who has won the Tour three times since 1986: He has not yet made the team.

"He's not in, he's not out," says Roger Legay, the directeur sportif of LeMond's Gan team, who has not announced his nine-man selection.

Others, like reporters for the French sports newspaper L'Equipe, doubt that LeMond will be competing in the 81st edition of the world's greatest bicycle race. L'Equipe lists the American rider not as a "certain" entry for Gan, not even as a "probable" but merely as a "possible."

"There's a lot of gossip in L'Equipe that I might not be selected," LeMond acknowledged in a phone interview Tuesday from the Alps, where he was competing in the Tour of Switzerland. That race, which ends Thursday, is a traditional

tune-up for the Tour de France, which begins July 2 in Lille. LeMond had been having a good Tour of Switzerland — consistent finishes in the top 20 — until Tuesday, when he lost more than 12 minutes. "I was with the first group until the very last five kilometers [three-mile climb]," he said.

From the Tour DuPont to the Dauphiné Libéré to the Tour of Switzerland, the mountains have been killing LeMond these last two months. And, as he well knows, there are more than a dozen major climbs in this year's Tour de France.

Will he be there? "I don't know," he answered. "I really don't know. I believe I will." He has not talked to his directeur sportif, he continued. "I don't know if it's necessarily his decision. It's my decision too. If he said he didn't want me to do it but I wanted to do it, we'd have some words between us."

As LeMond spoke, it became obvious that if riding in the Tour is his decision too, he has not quite made it.

"Last week I really didn't want to do it," he admitted, referring to his dismal performance in the Dauphiné Libéré. "I quite honestly don't want to do the Tour unless I can feel good. Why go in there to kill myself just to start? It's not a race you start just to start."

"But," he continued brightly, "I think I'll feel good. I think I'm making some progress. Everybody thinks it's so easy to come back to the top in cycling. I had a big layoff last year and I'm just going through these ups and downs trying to find my level of condition."

Whatever that level is now, he does not expect any instant comeback in the Tour de France. The 1989 Tour, in which he ended more than two years of dismay by winning on the last day, is no longer a credible script.

"I have no intentions of going in the Tour with even a hope of GC," he said, referring to the general classification of riders' overall standings. "If I do it, it's going to be to finish at good health and win a stage and help the team and hopefully have a lot better condition after it."

"I do feel better. I feel my condition is coming. I'm a level above the Dauphiné. But I've still got a lot of improvement to do if I want to be competitive."

"It's unrealistic, I guess, to have had such a bad year last year, four months off my bike, to think you can come back on top of the sport with six, seven months of training. I underestimated how hard it would be."

Maybe when he was 23 years old, he'd have been there but at 33, maybe it's a little longer.

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SPORTS

Total Opposites
With One Goal:
Victory in NBA

By William C. Rhoden

New York Times Service

HOUSTON — Hakeem Olajuwon and Patrick Ewing are opposites at virtually every turn.

Olajuwon is expansive and talkative. Ewing is reserved and reserved. Olajuwon epitomizes versatility, spinning and whirling to the basket; Ewing is the classic center who shoots a jump shot or makes a power move. Olajuwon is Muslim. Ewing is Catholic.

Olajuwon is fervent in his faith and will have said four daily prayers by game time. Ewing admits, "I don't go to church a lot, but I believe in God."

They are even astrological opposites: Olajuwon is an Aquarius, Ewing a Leo. But the two opposing centers share the same burning desire to compete. They each had pulled their respective teams to the brink of a National Basketball Association championship. One would emerge with his first NBA ring Wednesday night.

The game would provide a symmetry to their careers. The last time they met for a championship was in 1984, Ewing a junior at Georgetown, Olajuwon a junior at the University of Houston. Georgetown prevailed for the national collegiate title, a game in which Olajuwon fouled out.

In the intervening years, Olajuwon and Ewing have skyrocketed to stardom. This year, Olajuwon won the most valuable player award, an honor he coveted after narrowly losing out last season to Charles Barkley.

The championship has been elusive, too. "You can't compare the two," Olajuwon said before Game 7. "Championship is a team honor, where MVP is an individual honor. You always have to take the team first. Team comes before the individual."

Winning a championship would just complete the year. Winning the MVP and the championship ring in the same year, that's a dream season.

In the six championship games, Olajuwon had played an average of 37.6 minutes a game, averaged 27.2 points, 9 rebounds and 4 blocks and had shot 52 percent from the field. Ewing had averaged 44 minutes, 19.2 points a game, 12.8 rebounds, 4.6 blocks but had shot only 35.7 percent.

The bottom line was that the series was tied.

"I think that both of us have played well," Olajuwon said. "Both of us have risen to the occasion, accepted the challenge. But now what's important is which team wins the championship. Now it's bigger than the individual. Those were the battles; now is the war."

Houston was humming with excitement in anticipation of the Rockets winning the city's first major sports championship. The Rockets' home-court advantage had fueled rising expectations, leading to pep rallies and red-and-yellow "Go Rockets" signs everywhere.

Olajuwon went to college in Houston and has spent 10 seasons in the city as a pro. He knows what a Rocket victory would mean to the city.



Michael Stich sank to his knees after yet another first-round upset, his.

"It's always nice to be the first," he said. "It would be something unique compared with playing for someone like Boston or Los Angeles, teams that have won so many championships."

Circumstances certainly favored the Rockets. They were playing at home and 19 of the last 20 playoff series that have gone to a seventh game had been won by the home team. Olajuwon didn't want to hear it.

"I don't even like thinking that way because there's a record made to be broken," he said. "That can change tomorrow. I'll try not to let it happen. There is no guarantee. But I'd rather be playing at home than in New York."

He admitted that for the last few years he had thought about playing against Ewing in a championship series.

Ewing seemed surprised, mildly flattered, because Olajuwon had not dominated his thoughts.

"To tell you truth, I haven't even thought about that. I just thought about getting here," he said. "But to play against Hakeem, yeah. He's one of the best. I think I'm one of the best, and it's been a fierce series."

Now one of them will be remembered as a champion, the other as runner-up.

Olajuwon said he wasn't concerned with how he is remembered.

"I don't worry much about people's judgment," he said. "If you win, they say you can win two. You win two, they say you can't win three. Then they compare you with legends, like Bill Russell. So you can never please people."

"I want to win for my own satisfaction knowing that we've worked this hard and we're in unique position to finish. I'm not playing for my place in history. I'm playing to win."

Ach! No. 2-Seed Stich Joins Graf
In Hasty Wimbledon Departure

By Leonard Shapiro

Washington Post Service

WIMBLEDON, England — A day after Lori McNeil, one of his dear friends and a one-time mixed doubles partner, had managed one of the most stunning upsets in Wimbledon history, Bryan Shelton was suitably inspired to produce a dominating duplicate of his own Wednesday afternoon when he eliminated Germany's Michael Stich, the world's second-ranked player and No. 2 men's seed, in a first-round match.

The fact that it was done in straight sets, 6-3, 6-3, 6-4, was even more remarkable for the 28-year-old Alabamian, who had to win three matches in a qualifying tournament down the road just to get inside these heavenly tennis gates.

"It was definitely one of the top matches of my career," said Shelton, who has an electrical engineering degree from Georgia Tech and now lives in Atlanta. "I came out with a good attitude today and nothing seemed to bother me from the beginning until the end. I was ready to play."

Stich clearly was not, even after winning a warm-up event on grass last week in Germany. His early listless play might have been one reason for the smattering of boos that accompanied his quick departure from the court, as he did not even pause to shake the hand of the referee.

Stich also became only the second No. 2 seed in Wimbledon history to lose in the first round, a day after McNeil made his compatriot, Graf, become the first defending women's champion to lose in the first

round. In 1932, No. 2 seed Henri Cochet lost to Britain's Nigel Seton in the opening round.

McNeil, meanwhile, was given a brief score Wednesday by Japan's Yone Kamio when she lost a second set tiebreaker. She said she was determined to "put it out" however and rallied from being broken in the first game of the third set to a 6-3, 6-7, 6-3 victory.

Anke Huber, the No. 12 seed, joined the ranks of German upset victims, falling to Ines Gorrochategui of Argentina, 6-3, 6-4. And No. 8 Natalia Zvereva of Belarus lost to Maqsa Endo of Japan, 4-6, 6-4, 6-1.

Top-seeded Pete Sampras had little difficulty defeating fellow American Richie Reneberg; fifth-seed Jim Courier lost a second-set tiebreaker but handled Byron Black of Zimbabwe, 6-1, 6-7 (5-7), 6-3, 6-4, and 10th-seeded Michael Chang needed five sets before prevailing, 3-6, 6-3, 7-6 (8-6), 6-7 (3-7), 6-4, over Michael Tebbutt of Australia.

Andre Agassi, the 1992 champion, almost suffered Stich's fate, but survived a second-round thriller against Nicolas Pietrangola of Venezuela, 6-7 (4-6), 6-3, 6-4, 6-7 (7-5), 6-4.

Stich, after losing the first two sets, tried it all on Court No. 2, also known as a graveyard of such past champions as Arthur Ashe, Jimmy Connors and John McEnroe. The 1991 Wimbledon champion moved several big steps in front of the baseline on Stich's first serve, then he moved back; he changed the pace on his own first serve and on many of his strokes, and eventually resorted to a bit of gamesmanship, as well.



Jim Courier, hitting a shot to Byron Black, avoided defeat.

After yet another sharply hit shot by Shelton walloped past him, Stich asked, "Are you O.K.?" Shelton knew full well that Stich was not talking about the state of his health.

"Michael was doing something to try to change the match around and you can't fault him for that," Shelton said. "That's the thing about these guys. They know how to win. They know what to say, what to do out on the court to win."

Shelton did, too, this day, and Stich was grudgingly impressed.

"I played a guy today who could have closed his eyes and hit the ball wherever he wanted to hit it," he said. "He had all the luck on his side. I didn't have one lucky ball for myself."

"I think he can't play much better than today. But I hope he does," Stich said. "I hope he plays like that every round and wins Wimbledon. If he keeps on

playing like that, he is very dangerous."

Stich has not been much of a threat lately in Grand Slam events. In the Australian Open, he lost in the first round to MaliVai Washington, along with Shelton the only two black touring pros on the men's circuit. Last month, Aaron Krickstein knocked Stich out of the French Open in the second round.

"Everyone has seen Michael play and knows he has a temper and gets down on himself," Shelton said. "I used that to my advantage the whole match. Every time I saw him getting upset, I was trying to pump myself even more."

Stich was not in a particularly good frame of mind after this match. Asked if Graf's loss had affected him, he replied, "I'm not here to defend myself why I lost."

"I don't care about Stich's match," Stich said. "I'm almost capable of losing to Kamio, 3th in the world, especially after she lost a second-set tiebreaker and had her serve broken in the first game of the third set."

With her friend, actress Robin Givens cheering her on at court-side, McNeil broke right back when Kamio netted an easy backhand return and eventually prevailed after Kamio saved two set points but not a third when her forehead down the line landed just wide.

"I think from my match yesterday, I was feeling a little bit of that today, and it was a different type match," said McNeil. "Steffi's hard and has different tactics, and Kamio takes the pace off the ball and keeps it really low. I was just going to stay in there and kind of guts it out. It was going to be difficult. I knew that this morning going in."

Match Results

MEN'S SINGLES

First Round
 Alexander Volkov, Russia, def. Jeff Tarango, U.S., 6-4, 6-2, 6-2; Guy Forget, France, def. Doug Flach, U.S., 6-1, 6-2, 6-2; Andrei Olhovskiy, Russia, def. Armand Beaudouin, France, 6-3, 6-2, 6-2; Wally Masur, Australia, def. Alex Anthopoulos, Australia, 6-1, 6-2, 3-6, 6-3; Yevgeny Kafelnikov (13), Russia, def. Laurence Tierney, Irish, 7-5, 6-3, 7-5, 6-7 (5-7); 11th Bryan Shelton, Atlanta, def. Michael Stich (2), Germany, 6-3, 6-3, 6-4; Slovic Dosevic, Czech Republic, def. Enrica Andreoli, Romania, 6-1, 6-4, 6-4; Alex Corretja, Spain, def. Henri Leconte, France, 2-6, 4-6, 7-6 (7-6), 6-3, 2, retired; Alexander Alzola, Germany, def. Thomas Muster, Austria, 5-7, 7-5, 6-7 (5-7); 9th, 6-4, 6-4; Karim Alami, Morocco, def. Magnus Larsson, Sweden, 7-6 (7-6), 7-6 (7-6), 7-6, 7-6; 10th, 6-4, 6-4; 11th, 6-4, 6-4; 12th, 6-4, 6-4; 13th, 6-4, 6-4; 14th, 6-4, 6-4; 15th, 6-4, 6-4; 16th, 6-4, 6-4; 17th, 6-4, 6-4; 18th, 6-4, 6-4; 19th, 6-4, 6-4; 20th, 6-4, 6-4; 21st, 6-4, 6-4; 22nd, 6-4, 6-4; 23rd, 6-4, 6-4; 24th, 6-4, 6-4; 25th, 6-4, 6-4; 26th, 6-4, 6-4; 27th, 6-4, 6-4; 28th, 6-4, 6-4; 29th, 6-4, 6-4; 30th, 6-4, 6-4; 31st, 6-4, 6-4; 32nd, 6-4, 6-4; 33rd, 6-4, 6-4; 34th, 6-4, 6-4; 35th, 6-4, 6-4; 36th, 6-4, 6-4; 37th, 6-4, 6-4; 38th, 6-4, 6-4; 39th, 6-4, 6-4; 40th, 6-4, 6-4; 41st, 6-4, 6-4; 42nd, 6-4, 6-4; 43rd, 6-4, 6-4; 44th, 6-4, 6-4; 45th, 6-4, 6-4; 46th, 6-4, 6-4; 47th, 6-4, 6-4; 48th, 6-4, 6-4; 49th, 6-4, 6-4; 50th, 6-4, 6-4; 51st, 6-4, 6-4; 52nd, 6-4, 6-4; 53rd, 6-4, 6-4; 54th, 6-4, 6-4; 55th, 6-4, 6-4; 56th, 6-4, 6-4; 57th, 6-4, 6-4; 58th, 6-4, 6-4; 59th, 6-4, 6-4; 60th, 6-4, 6-4; 61st, 6-4, 6-4; 62nd, 6-4, 6-4; 63rd, 6-4, 6-4; 64th, 6-4, 6-4; 65th, 6-4, 6-4; 66th, 6-4, 6-4; 67th, 6-4, 6-4; 68th, 6-4, 6-4; 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SPORTS WORLD CUP



Andoni Zubizarreta, Spain's goalie (left), taking a spill after failing to block a shot by Jürgen Klinsmann of Germany, as Stefan Effenberg followed the ball into the goal. The Group C teams played to a 1-1 draw at Soldier Field in Chicago.

Germany and Spain Wage Tactical Warfare in Battling to 1-1 Draw

By Christopher Clarey

New York Times Service

CHICAGO — Taken alone, it was the kind of soccer score to make suddenly offense-minded FIFA officials cringe: Germany 1, Spain 1.

But this was far from a stultifying exercise in self-preservation and soccer conservatism. For anyone who sat at Soldier Field and revelled in what finally felt like low humidity, it was an afternoon well spent.

Though only two goals were scored, there could easily have been six, and for most of the 90 minutes, two of the world's best sides creatively explored the limits of their ball skills and tactical talents.

"You obviously have seen a good match," said Germany's sweeper and captain, Lothar Matthäus, who, at age 33, obviously has played in enough matches to

know the difference. "I hope it helps you have a good evening."

The Germans were certainly not in a position to complain. Though they have yet to recapture the form — particularly in midfield — that carried them to the 1990 championship, they now have four points after two matches and are virtually assured of a place in the second round heading into their last Group C match, against South Korea.

Spain, which was disappointing last week in a 2-2 tie with the underdog South Korea, lifted its game significantly in less difficult meteorological conditions.

Despite the defensive absence of captain Miguel Nadal, who was suspended for the remainder of the first round after receiving a red card against the Koreans, the Spaniards controlled play with style for much of the first half.

They did so with a reworked starting

lineup that included the longtime goalkeeper, Andoni Zubizarreta, and midfielders José Luis Caminero and Josep Guardiola.

"We obviously missed Nadal, but we played our best and we should be satisfied with the result we got against the world champions," said Spain's coach, Javier Clemente, whose team can assure itself a place in the second round with a victory against Bolivia.

The match started out resembling a holdover from the last World Cup in Italy, with malicious tackling, whistles sounding and rhythmless play. But this World Cup has been a considerably more aesthetic tournament, and the Spaniards and Germans quickly complied with the new spirit.

With just under 10 minutes gone, Sergi Barjuan of Spain broke free up the left side, eluded one defender and broke past another before finding himself with an open shot from 16 yards out. Only a spec-

tacular effort from Germany's goalkeeper, Bodo Illgner, kept the game scoreless.

Sergi's burst signaled a change in tempo and suddenly space was less difficult to come by. Fourteen minutes into the half, Guardiola, the star of Spain's gold-medal Olympic team in 1992, started a run at midfield.

He passed the ball to Albert Ferrer, who knocked it on to Jon Andoni Goikoetxea, who was streaking up the right side. When the German defender Andreas Brehme was slow to react, Goikoetxea lofted a shot from about 25 yards (80 feet) out.

The ball carried over the misplaced Illgner, flitted with the crossbar and caromed off the back post and into the net to give Spain a 1-0 lead.

It was hardly surprising that Guardiola, Ferrer and Goikoetxea worked together so well, considering that all three play for Spain's top club Barcelona. Such cohesion

was exactly what Clemente had in mind when he deconstructed Spain's team in the last two years, eliminating some brilliant individual talents and drawing heavily from Barcelona's roster.

For the rest of the first half, engaged the defending World Cup champions in highly entertaining end-to-end soccer. Both teams had good chances: Sergi proving dangerous for Spain and Andreas Möller and his teammate Jürgen Klinsmann doing the same for Germany.

But the Germans' height advantage began to show in Spain's penalty box, and in the opening minutes of the second half, that significant edge put an end to Spain's dreams of an upset.

Off a free kick from Thomas Hässler from the right side, Klinsmann did what he has done so often in his 29 years: soar above a defender and slam the header inside the far post.

Goikoetxea: Lucky

CHICAGO — Spain's Jon Andoni Goikoetxea said his goal in the draw against Germany was pure luck, because he had meant to cross the ball into the middle from the right wing.

"My intention was to center the ball, not to score," he said. "I was very lucky but still it's a big day for me to score against the world champions and I will remember it for ever."

Goikoetxea, who also scored against South Korea, added: "I'm just riding my luck. I'm not really a goal scorer."

Nigeria Lets Fly In Debut With 3-0 Rout of Bulgaria

By Elliott Almond

Los Angeles Times Service

DALLAS — Clemens Westerhof is from the Netherlands, but he sounded more like a coach from Los Angeles after Nigeria made its impressive World Cup debut with a 3-0 victory over Bulgaria.

"It's Showtime," he said.

That it was, as the Super Eagles brought an exciting, lightning-quick attack to the Cotton Bowl on Tuesday night before 44,132, almost 20,000 below capacity.

They came out of Africa as the continent's champions, yet some were not sure Nigeria could withstand the pressures of the World Cup. But it was Bulgaria, a participant in six Cup finals, that is without a victory.

The Bulgarians were left bickering and complaining, but in reality had no defense for Nigeria's frontal assault.

"We want to show people we play football in Africa," Westerhof said. "It has been five years of hard work. It's over that [they] can look at us, and think, 'It's an African team, so no problem.'"

Nigeria, perhaps, also sent a message to the teams that play a traditional style of soccer. The Super Eagles simply let it fly, and there was more than one Bulgarian defender left in their wake.

"We love to attack, we love to go," said Emmanuel Amunike, who scored the team's third goal, on a diving header in the 55th minute.

Sometimes they attacked in threes, sometimes in twos, but almost always with the 6-foot-3 (190-centimeter) Rasheed Yekini.

Yekini, Africa's player of the year, scored almost half of Nigeria's goals in qualifying, so it was appropriate that he scored the team's first in the finals, in the 21st minute after a nice cross from the accelerating George Finidi.

But, said Westerhof, "We have not yet seen the real Rasheed Yekini. It's coming."

And no one has seen the real Super Eagles, another scary thought.

Augustine Okocha, the team's star midfielder, did not play against Bulgaria after suffering a slight leg injury during the weekend. Captain Stephen Keshi also was held out.

"I didn't want to take any risks," Westerhof said. "Okocha will come later — against Maradona."

Nigeria's next match in Group D will be against favored Argentina and its aging superstar, Diego Maradona.

Nigeria did not need the regular starters against Bulgaria, which entered the tournament as an offensive-oriented team. Peter Rufai made several nice saves, and the defense pressured the Bulgarian strikers Pristo Stoitchkov and Emil Kostadinov to the point of frustration. After the Bulgarians got two early scoring opportunities and failed, they went into a trance.

"Maybe if we would have scored first, it would have been different," said Dimitar Penev, Bulgaria's coach.

Bulgaria almost scored in the 37th minute. Augustine Eguavoen fouled Stoitchkov, one of Europe's most dangerous forwards, in midfield. Because of miscommunication, Stoitchkov thought he had a direct kick, and knocked the ball in with his potent left foot.

But the goal did not count because he actually was awarded an indirect kick, and one other person needed to touch the ball. Stoitchkov, predictably, blamed the referee, Rodrigo Badilla.

"It showed international inexperience," he said.

Yekini thought the Bulgarians were worn down by the heat, which was not as intense as it was during Friday's South Korea match. Perhaps it had more to do with Yekini and his teammates' fast-paced game than anything.

Either way, Yekini could tell the Bulgarians were dragging.

"They were goose-eyed," he said.

And even Stoitchkov said his team was finished after Nigeria's second goal, a brilliant score by Daniel Amokachi in the 43d minute. Amokachi took a lead pass from Yekini, then kicked the ball sideways and beat his defender. When he turned, goalkeeper Borislay Mikhaylov was out of position on the far right, and Amokachi kicked it in from a few yards out.



Ben Iroha, left, and Sunday Oliseh of Nigeria, and Jordan Letchkov of Bulgaria, chasing the ball (top photo). Rasheed Yekini celebrating his goal, the first of Nigeria's three.

Johansson Likes New Rules

Reuters

PASADENA — Three points for a victory and the ban on tackles from behind have transformed the image of the World Cup finals, according to Lennart Johansson, the president of UEFA, European soccer's governing body.

"I am delighted with the innovations FIFA have made for the tournament," said Johansson. "Awarding three points for a win has encouraged teams to play for the win."

In the Sweden-Cameroon match on Sunday, Sweden equalized in the 75th minute to make it 2-2. Under the old system of two points for a win, both teams would probably have settled for a point and the match would have petered out for the last 15 minutes.

"But neither team wanted to lose two points on Sunday and they both continued attacking right till the end."

"At the same time, banning the tackle from behind has given the attacking players more time on the ball," he said, "and we have seen the benefits of that immediately. They are creating more, wrongdoers are being punished. It is good for the game and good for the fans."

But Johansson, who is also a FIFA vice president, said the governing body could still do more to improve the flow of play.

"I think that any player rolling around in apparent agony and play-acting should be

booked, and that referees should immediately give the yellow card for shirt-pulling," he said. "We are also seeing an improvement in the flow of games due to a less publicized change. The referees here are younger and fitter than before."

The oldest is 45, the youngest two referees both turned 34 only in May. They can keep up with play. It is a subtle change, but one that also helps the game move.

In Chicago, Germany's captain, Lothar Matthäus, said tough refereeing was helping turn this into a scorers' tournament.

Speaking after the 1-1 draw with Spain, he said the current finals were turning out to be "very interesting."

"I have already seen some very good players and what surprised me most was Argentina's performance," said Matthäus, who watched the Argentine team's 4-0 defeat of Greece on television.

"FIFA's decisions have helped attacking players," the midfielder-turned-sweeper said. "They've been good for strikers who don't have to worry about having their legs chopped away all the time. It's very positive for soccer's development."

"Personally, I must say it would have been nice to have had these rules in place 10 years ago. As you know I've always played offensively, and I've taken a beating for it."

WORLD CUP WRAP-UP

Compiled by Our Staff From Dispatches

FIFA's secretary general, Sepp Blatter, who before the tournament started threatened to send home referees who did not send off players who tackled from behind, said Wednesday that, "We are not happy with some of the refereeing."

FIFA officials were apparently not pleased that Brazilian star Romário was manhandled by the Russians in a match controlled by Maurits referee Lim Kee Chong, and with the way the American referee Arturo Angeles allowed Greek defenders to kick Argentina's Diego Maradona.

Brazil's central defender, Ricardo Rocha, may not be able to play against Cameroon on Friday, the team's doctor, Mauro Pompeu, said.

Pompeu said the former Real Madrid player had pulled a muscle in his left thigh during the second half of Monday's victory over Russia. Rocha, who limped off and was replaced by Roma defender Aldair, had been ordered to avoid any exercise.

Swedish defender Roger Ljung had strained muscles in his right leg and might not be fit for the game with Russia.

"Roger did not train yesterday. He worked too hard against Cameroon and strained his thigh muscles," coach Tommy Svensson said Wednesday.

Ljung scored Sweden's opening goal in the 2-2 draw.

Thousands of workers at the world's largest shipyard, in South Korea, have found a new way of watching the World Cup: By striking when the match against Bolivia will be telecast there on Friday morning.

The labor union at Hyundai Heavy Industries in Ulsan, 200 kilometers (125 miles) southeast of Seoul, said it plans to call a three-hour temporary strike Friday morning to enable its 25,000 members to watch the match.

Workers will be asked to vote on the strike proposal Thursday, the union said.

It is demanding a 13 percent wage hike but the company says it cannot give more than 5 percent, a guideline informally set by the government to fight inflation.

Hyundai management called the planned strike illegal.

The Irish fans left stranded by a London tour company have gotten more promises of support with match tickets and hotel accommodation, an Irish consulate official said in Orlando, Florida.

Vice Consul Shane O'Riordan said some of the fans had booked through travel agents and some of those agents had agreed to meet accommodation costs, while travel agency representatives were also coming over from Ireland. Some fans were having to share up to six in a room.

In London, the tour operator, Sportex Sports Travel, blamed its local agent and said it had covered all accommodation costs and air fares. But O'Riordan said that none of the money had arrived as of Tuesday.

In Germany, an estimated 25 percent of the 80 million populace tuned in late Tuesday for the defending champion's 1-1 draw with Spain.

In Bangladesh, inmates went on strike before agreeing to resume eating when prison authorities relented and allowed them to watch live televised matches from the United States.

Norway's largest evening paper, Verdens Gang, bet 660,000 kroner (\$94,285) on Wednesday that the country's team will reach the finals.

The bet was placed at 12-1 odds, which would earn a return of 8 million kroner (\$1.14 million).

The plane taking the Netherlands' squad from Washington to Orlando was forced into an emergency landing at Richmond, Virginia, five minutes after take-off Tuesday when Dutch journalist Leo Driessen lost consciousness. He was taken to a hospital and the team arrived three hours late in Florida. (Reuters, AP, AP)

